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GOVERNMENT AND ADMINISTRATION

Prorogation and Opening of Parliament

REVIEW OF THE LAST SESSION

The Queen's speech on the prorogation of Parliament, summarising the work of the session, was delivered to both Houses of Parliament by the Lord Chancellor on 28 October.[1]

The text of the speech (with references to *Survey of Current Affairs* coverage in parentheses) is as follows:

My Lords and Members of the House of Commons,

The Duke of Edinburgh and I have received much pleasure from the knowledge that so many people shared with us our happiness in the birth of a son to The Prince and Princess of Wales (see p 219).

The Duke of Edinburgh and I were pleased to receive the State Visit of His Majesty The Sultan of Oman in March. We also recall with pleasure the pastoral visit of His Holiness Pope John Paul the Second in May (see p 213), *and the visit in June of the President of the United States of America and Mrs Reagan as my guests* (see pp 197-8).

We look back with much satisfaction on the visits we have made this year. We were in Canada in April to sign the proclamation of the Constitution Act 1982 (see pp 72-3) *and we are now concluding a tour including visits to Australia, Papua New Guinea, Solomon Islands, Nauru, Kiribati, Tuvalu and Fiji. As Head of the Commonwealth I was present in Brisbane to close the Commonwealth Games.*

We were greatly saddened by the death in August of King Sobhuza of Swaziland.

My Government welcomed the independence of Antigua and Barbuda and its decision to join the Commonwealth (see pp 215-16, 1981). *They also welcomed the admission of the Republic of Maldives to membership of the Commonwealth* (see p 267).

My Government responded swiftly to Argentina's unlawful and unprovoked invasion of the Falkland Islands and South Georgia. They made strenuous efforts to persuade the Argentine Government to withdraw their forces peacefully but were eventually obliged to resort to military action in self-defence and to protect the democratic rights of the Falkland Islanders (see pp 105-12, 149-56, 180-9, 239-40, 349-53). *The Armed Services and the Merchant Navy have earned the gratitude of the nation by the courage, skill and devotion to duty they displayed in the course of their successful campaign. My Government profoundly regret the loss of life and casualties incurred. They have begun the urgent task of economic and social rehabilitation and further development of the Islands* (see pp 321-3).

My Government were deeply grateful for the support shown during the Falklands crisis by so great a proportion of the international community, in particular by the countries of the Commonwealth, the European Community and the North Atlantic Alliance, and by the dependent territories.

My Government welcomed the entry of Spain into the North Atlantic Alliance (see p 189). *They have continued to fulfil their commitment to real increases in defence spending and have announced further measures to strengthen our defences and make good the losses suffered during the Falklands conflict* (see pp 223-33). *They played an active role at the meeting of heads of State and Government of the Alliance in June* (see pp 231-3). *They have taken part in Alliance consultations over the negotiations on intermediate-range nuclear forces between the United States and the Soviet Union and have warmly welcomed the resumption of negotiations on strategic nuclear forces* (see pp 5-7, 190-2, 232-3). *They have played a full part at the Second United Nations Special Session on Disarmament and in other arms control and disarmament negotiations* (see pp 233-6).

With other members of the Alliance and of the European Community, my Government have condemned the imposition of martial law in Poland (see pp 7-12, 67-70). *They have continued to support efforts to restore the independent and non-aligned status of Afghanistan* (see pp 42-3, 113, 189).

My Government have played a constructive role in the development of the European Community and were able to make useful progress during the period of the United Kingdom Presidency (see pp 3-5). *They have continued to negotiate for an acceptable revised Common Fisheries Policy* (see

[1] *Hansard* (HL), Vol 435, No 147, cols 603-6.

pp 348-9), *and have participated in negotiations with Spain and Portugal on their forthcoming accession to the Community.*

My Government have continued, with our Community partners, to seek a comprehensive settlement of the Arab-Israel dispute and an end to the conflict in the Lebanon with all its tragedies (see pp 361-2, 1981; 12-13, 156-7, 196-7, 241-5, 316-19).

My Government have participated in continued efforts to reach a settlement in Namibia (see p 313) *and have supported attempts to solve the problem caused by the occupation of Cambodia by Vietnam* (see p 312) . . . .

I thank you for the provision that you have made for the honour and dignity of the Crown and for the public services . . . .

My Government have maintained the economic policies necessary to strengthen the foundations of economic recovery. They have continued to make progress in reducing inflation and achieving lower interest rates and have helped business and individuals through tax changes and improved incentives designed to encourage the productive private sector and to promote the wider ownership of wealth (see pp 119-22). *My Government believe that these policies offer the best hopes of achieving a lasting reduction in the present distressingly high levels of unemployment. Meanwhile, the help given under the special employment measures has been substantially increased* (see pp 268-9).

Legislation has been passed to facilitate private investment in parts of the businesses of the British National Oil Corporation and the British Gas Corporation and to promote competition in the gas industry (see pp 46-7, 296). *An Act has been passed to reduce further the involvement of the public sector in transport* (see pp 84-6).

Legislation has been passed to improve the law on industrial relations (see pp 78-80). *A Youth Training Scheme has been drawn up* (see pp 248-51), *and other training arrangements have been improved* (see pp 21-4). *A comprehensive programme is being vigorously pursued to improve management and efficiency in the Civil Service.*

Legislation has been passed to protect ratepayers from supplementary rates and to improve the accountability and efficiency of local authorities (see pp 50-2). *An Act has been passed to clarify the powers of the Greater London Council to provide travel concessions for the elderly and disabled.*

Provision has been made for the re-establishment of a representative Assembly in Northern Ireland (see pp 176-8), *and elections to it have taken place* (see pp 341-2). *The Royal Ulster Constabulary, supported by the Army, have continued to serve the people of Northern Ireland with steadfastness, dedication, and courage.*

An Act has been passed to give the courts stronger and more flexible sentencing powers, especially in regard to young offenders, and to make other improvements in the criminal justice system (see pp 39-41). *Legislation has been passed giving local authorities in England and Wales powers to regulate various activities which might otherwise cause nuisance or give offence.*

Acts have been passed to amend the law governing jurisdiction and the enforcement of judgments in civil and commercial matters and to improve the arrangements for legal aid in criminal cases and the general administration of justice.

My Government have protected the real value of the retirement pension and other related benefits (see pp 136-9). *The law on mental health in England and Wales has been reformed. An Act has been passed to establish a system of unified housing benefit and to place a duty on employers to provide sick pay during the early weeks of sickness* (see p 264).

In Scotland the law relating to civic government has been modernised and other changes have been made in local authorities' functions and responsibilities . . . .

PROGRAMME FOR THE NEW SESSION

The Queen's speech on the opening of the new session of Parliament – the fourth session of the forty-eighth Parliament of the United Kingdom – was delivered in the House of Lords on 3 November to members of both Houses.[1]

The text of the speech, which outlines the Government's policies for the coming session, is as follows:

My Lords and Members of the House of Commons,

I look forward with great pleasure to my State Visit to Sweden in May and to my visits to Jamaica, the Cayman Islands, and the west coasts of Mexico, the United States and Canada in February and March.

My Government consider the security of the nation and the preservation of peace their highest priority. They plan to meet NATO expenditure targets, and to seek more efficient use of the resources of the Alliance. They will honour our world-wide commitments and protect the dependent territories.

My Government attach great importance to the Commonwealth and the United Nations and will continue to play an active part in both organisations. They are committed to a substantial programme of development aid concentrated on the poorest countries. They will work for balanced and verifiable measures of arms control. They strongly support both the United States proposals for significant reductions in nuclear forces and the other Western proposals on conventional forces.

My Government reaffirm their strong commitment to the European Community, and will continue to play a full part in its development. They will work with determination within the Community to sustain British interests, and, in particular, to achieve a fair solution to the Community budget problem in 1983 and beyond. They will seek early agreement on a revised common fisheries policy and a satisfactory outcome to the reviews of the Community's Regional and Social Funds. They regard the accession to the Community of Spain

[1] *Hansard* (*HL*), Vol 436, No 1, cols 1-3.

and Portugal as an important political objective. They will support efforts to resolve the trade problems which have arisen between the Community and other countries.

My Government will continue to seek an improvement in East-West relations, which have been harmed by events in Afghanistan and Poland. They will also work towards just and lasting solutions to other international problems, in particular in the Middle East, Namibia and Cambodia . . . .

Estimates for the public service will be laid before you . . . .

My Government are deeply aware of the anxieties and distress caused by unemployment. Their economic and other policies will be determined by the need to secure a sustainable growth in output, and thus a lasting reduction in the numbers out of work; this will require the achievement of a continuing fall in the rate of inflation.

My Government will maintain the monetary and fiscal policies necessary to achieve these ends, including continued restraint in public spending. They will promote efficiency and good management, especially in their own operations, and will take further steps to encourage initiative and enterprise. Continued help will be given through special employment measures to those worst affected by unemployment. A new Youth Training Scheme for school-leavers will be introduced.

Measures will be brought forward to permit private investment in British Telecommunications, to establish a telecommunications regulatory body and to reform the Telegraph Acts, to encourage private undertakings to generate and supply electricity, and to facilitate the introduction of private capital into British Shipbuilders. Proposals will be prepared for the development and expansion of cable systems.

Legislation will be introduced to encourage improved and better co-ordinated marketing of British food and agricultural produce.

A Bill to protect personal information held on computers will be introduced.

Bills will be introduced to facilitate the international carriage of goods and passengers, and to improve the control of subsidies to public transport in the conurbations. A further Bill will make provision for the construction of a road tunnel across the Conwy Estuary.

A Bill will be introduced to improve the organisation of the water industry in England and Wales.

Legislation will be brought forward to extend the right to buy and to reform the system of building control in England and Wales, and a separate Bill will seek to strengthen the statutory rights of those living in mobile homes.

Legislation will be introduced to enable improvements to be made to the health and social services.

Proposals will be brought forward to amend the law on equal pay in the light of a recent judgment of the European Court.

A Bill will be introduced to establish independent bodies with responsibilities for the management of certain museums and similar institutions, and for functions in relation to ancient monuments and historic buildings.

In Northern Ireland, my Government remain determined to create the conditions for a peaceful and prosperous society. The recently elected Northern Ireland Assembly will give elected representatives the opportunity to scrutinise the day-to-day workings of government in the Province and to make recommendations for the resumption of devolved government.

Measures will be brought forward to reform the Scottish law on mental health, to enable divorce actions to be heard in sheriff courts, and to alter the control of legal aid fees in Scotland.

My Government will continue to support the work of the services for the prevention of crime and the maintenance of law and order. Legislation will be brought forward to modernise police powers in England and Wales whilst providing corresponding safeguards for the citizen, to amend the law of criminal evidence, to reform the police complaints procedure, and to introduce new arrangements for consultation between the police and the community.

Other measures will be laid before you . . . .

Election of Northern Ireland Assembly

Elections to a new 78-member Assembly in Northern Ireland took place on 20 October (see pp 101, 176 and 263). The parties gaining the largest number of seats were the Official Unionists, the Democratic Unionists, the mainly Roman Catholic Social Democratic and Labour Party and the non-sectarian Alliance Party. Seats were also won by Sinn Fein, the political wing of the provisional IRA. The Assembly had its first meeting on 11 November, though neither the Social Democratic and Labour Party nor Sinn Fein members attended the meeting. Both parties had said they would not sit in the new Assembly.

The elections, which were held under the single transferable vote system of proportional representation[1] on the basis of the existing 12 parliamentary constituencies, were contested by 184 candidates. The percentage of the electorate voting was 60·3, the poll ranging from 52 per cent in South Antrim to 83 per cent in Fermanagh and South Tyrone. The seats gained were as follows:

[1]Under this system, which is designed to reflect the wishes of all sections of the electorate as accurately as possible, voters place in order of preference as many of the candidates standing in a multi-member constituency as they wish. A quota is worked out representing the number of votes a candidate must have in order to secure election (for example, more than one-sixth of the votes in a five-member constituency). Candidates obtaining a quota of first-preference votes are declared elected and of those not obtaining a quota on the first count the choice of successful candidates is determined by the second preferences of 'surplus' votes given to the successful candidates and the second preferences of those whose first choice received the smallest number of votes. Thus no vote is wasted.

Official Unionists	26
Democratic Unionists	21
Social Democratic and Labour Party	14
Alliance Party	10
Sinn Fein	5
Independent Unionist	1
Ulster Popular Unionist	1
	78

The percentages of first preference votes were distributed as follows: Official Unionists 29·8; Democratic Unionists 23; Social Democratic and Labour 18·8; Sinn Fein 10·2; Alliance 9·3; Workers Party 2·7; United Ulster Unionist Party 1·7; Others 4·6.

Among the successful candidates were Mr James Molyneaux, MP, leader of the Official Unionists; the Reverend Ian Paisley, MP, leader of the Democratic Unionists; Mr John Hume, leader of the Social Democratic and Labour Party; Mr Oliver Napier, leader of the Alliance Party, and Mr Gerry Adams, vice-president of Sinn Fein. The Ulster Popular Unionist member is Mr James Kilfedder, MP, who sits in the House of Commons as Ulster Progressive Unionist.

At the first meeting of the Assembly at Parliament Buildings, Stormont, on 11 November, Mr James Kilfedder, MP, was elected presiding officer.

Statement by Secretary of State

The Secretary of State for Northern Ireland, Mr James Prior, said in a statement on 22 October after the elections that he would do all that he could to make the Assembly succeed in its task of making government more responsive to the wishes of the people and people more understanding of the problems and processes of government. He hoped elected members would get down to constructive work as soon as possible.

By-elections and State of the Parties

Details of the results of two recent by-elections and the present state of the parties in the House of Commons are given below.

The Labour Party gained the seat at Birmingham, Northfield, and retained its seat at Southwark, Peckham, in parliamentary by-elections held on 28 October.

At Birmingham, Northfield, where the by-election was caused by the death in July of the Conservative MP, Mr Jocelyn Cadbury, the Labour candidate, Mr John Spellar, won by a majority of 289 votes. At Southwark, Peckham, the Labour candidate, Ms Harriet Harman, won by a majority of 3,931 votes. The seat there became vacant following the death in August of the Labour MP, Mr Harry Lamborn.

The detailed results were as follows:

Birmingham, Northfield

J. Spellar (Labour)	15,904
R. Gale (Conservative)	15,615
S. Ridley (Liberal-Social Democratic Alliance)	11,453

Four other candidates between them received 883 votes; all lost their deposits. Some 55 per cent of the electorate voted.

Southwark, Peckham

H. Harman (Labour)	11,349
D. Taverne (Social Democratic-Liberal Alliance)	7,418
J. Redwood (Conservative)	2,800

Two other candidates between them received 976 votes; they and the Conservative candidate all lost their deposits. Some 38 per cent of the electorate voted.

State of the Parties

As a result of the by-elections, the death in September of Mr Francis McElhone, Labour MP for Glasgow, Queen's Park, and the resignation from the House of Commons in November of Mr Robert Mellish, Independent Labour MP for Southwark, Bermondsey, the state of the parties in the House of Commons is now as follows:

Conservative	333
Labour	238
Social Democratic	30
Liberal	12
Scottish National	2
Plaid Cymru (Welsh Nationalist)	2
Official Unionist (Northern Ireland)	5
Democratic Unionist (Northern Ireland)	3
United Ulster Unionist (Northern Ireland)	1
Ulster Progressive Unionist (Northern Ireland)	1
Socialist (Northern Ireland)	1
Anti-H-Block Proxy Prisoner (Northern Ireland)	1
Vacant	2
TOTAL	631

The four remaining seats are held by the Speaker of the House of Commons and his three deputies (the Chairman of Ways and Means and the first and second Deputy Chairmen of Ways and Means) who do not vote except in their official capacity in the event of a tie. The overall Government majority in the House of Commons is 37.

Proposed Changes in Immigration Rules

A number of changes in the immigration rules are proposed in a White Paper published on 25 October.[1] If approved by Parliament, the

[1] *Proposals for Revision of the Immigration Rules.* Cmnd 8683. HMSO, £3·80. ISBN 0 10 186830 8.

new rules would come into effect on 1 January 1983 at the same time as the British Nationality Act 1981 (see p 320, 1981). The principal changes relate to the admission of foreign husbands or fiancés of women who are, or become, British citizens, and special provision is made for children born in the United Kingdom who are not British citizens. The minimum amount of money a person must have to gain admission as a businessman or as a person of independent means is to be increased.

Husbands and Fiancés

Under the present rules, a foreign man may be accepted for settlement as a husband or fiancé only if his wife or fiancée is a citizen of the United Kingdom and Colonies born in the United Kingdom or one of whose parents was born there. Under the new proposals he will be able to settle if his wife or fiancée is a British citizen; her place of birth or that of her parents will no longer be relevant. The British Nationality Act 1981 introduces the new status of 'British citizen' to define those people who have a close connection with the United Kingdom, so it is now appropriate to rely on that status to define those women whose husbands or fiancés should be allowed to join them.

Foreign husbands or fiancés of women who are settled in the United Kingdom but are not British citizens will not be allowed to settle there.

The requirements of the present immigration rules (see pp 93-4, 1980) that the marriage must not have been entered into primarily to obtain admission to the United Kingdom, that it must subsist, and that the parties must have met will also still apply.

Children Born in the United Kingdom

The proposals make provision for children born in the United Kingdom on or after 1 January 1983 who are not British citizens because neither of their parents is a British citizen or is settled in the United Kingdom. The children concerned would not need permission to stay but in order to regularise their position an application could be made for permission to remain (which would normally be given for the same period as their parents). Such children who leave the country would require permission to re-enter. Under the proposed rules they would normally be given permission to enter for the same period as their parents, if they were coming with them or to join them. Provided they had not been away for more than 2 years, certain requirements which would normally apply would be waived.

Businessmen, the Self-employed and Persons of Independent Means

The minimum amount of capital a person must have in order to qualify for admission in one of these categories would be increased from £100,000 to £150,000. The minimum annual income which a person may alternatively have in order to qualify as a person of independent means would be raised from £10,000 to £15,000.

European Community Nationals

Sections of the rules applying to nationals of European Community countries and their families would be revised in order to reflect more fully the free movement provisions of European Community law. There would be no major changes except that most European Community nationals would no longer have to register with the police.

Returning Residents

A person would be re-admitted if he had been away for no more than two years and had permission to stay permanently when he left. He would no longer have to show that he had been 'ordinarily resident' when he left.

Implementation

The Government will provide an early opportunity for these proposals to be debated in both Houses of Parliament, after which a statement on the new immigration rules will be laid before Parliament.

Recent Legislation

The public Acts of Parliament passed in October before the end of the parliamentary session are listed below.

Administration of Justice Act 1982. Contains miscellaneous provisions relating to the administration of justice. Royal Assent: 28.10.82. Ch 53, ISBN 0 10 545382 X, HMSO, £5·25.

Civic Government (Scotland) Act 1982. Replaces the Burgh Police (Scotland) Acts 1892 to 1911. The broad provisions concern the continuation and updating of existing arrangements for licensing a number of activities; preservation of public order and police duties in relation to lost and abandoned property; and modifications and improvements in by-laws and a variety of other local authority functions. Royal Assent: 28.10.82. Ch 45, ISBN 0 10 544582 7, HMSO, £7·10.

Criminal Justice Act 1982 (see pp 39-41). Royal Assent: 28.10.82. Ch 48, ISBN 0 10 544882 6, HMSO, £5·75.

Duchy of Cornwall Management Act 1982. Makes certain alterations to the existing statutory constitution of the Duchy (the estate to whose revenues the heir to the throne is entitled) in order to bring its powers of estate management into line with modern conditions. These include easing restrictions on the powers of the Duchy to grant leases, to mortgage land, and to conduct its financial business. Royal Assent: 28.10.82. Ch 47, ISBN 0 10 544782 X, HMSO, £1·25.

Employment Act 1982 (see pp 78-80). Royal Assent: 28.10.82. Ch 46, ISBN 0 10 544682 3, HMSO, £3·80.

Industrial Development Act 1982 (see p 364). A consolidation Act. Royal Assent: 28.10.82. Ch 52, ISBN 0 10 545282 3, HMSO, £2·95.

Insurance Companies Act 1982. Consolidates the Insurance Companies Acts 1974 and 1981. Royal Assent: 28.10.82. Ch 50, ISBN 0 10 545082 0, HMSO, £5·65.

Legal Aid Act 1982. Makes further provision for giving legal aid, advice and assistance in criminal cases by providing a statutory framework for duty solicitor schemes; by encouraging early preparation of cases by defendants; by giving the Law Society's legal aid committees additional functions; and by making new arrangements for contributions to legal aid by assisted persons. Royal Assent: 28.10.82. Ch 44, ISBN 0 10 544482 0, HMSO, £2·10.

Mental Health (Amendment) Act 1982 (see p 372). Royal Assent: 28.10.82. Ch 51, ISBN 0 10 545182 7, HMSO, £5·25.

Transport Act 1982 (see pp 84-6). Royal Assent: 28.10.82. Ch 49, ISBN 0 10 544982 2, HMSO, £6·50.

EXTERNAL AFFAIRS AND DEFENCE

European Community

Britain's views on the development of the European Community's regional and social policies were the subject of ministerial speeches in October. In the same month, agreements were reached on the 1982 refunds for Britain from the Community budget and on the level of Community steel exports to the United States. Final agreement on a common fisheries policy was agreed by all the member states except Denmark.

In their speeches both the Secretary of State for Northern Ireland, Mr James Prior, and the Secretary of State for Employment, Mr Norman Tebbit, emphasised the British Government's belief in the Community and its commitment to the Community's further development. Addressing the Institution of International Affairs and the European Movement in Rome on 12 October, Mr Prior spoke of Britain's desire to work within the Community and 'make it a still more effective vehicle for the common political and economic aspirations of all its members'. In particular, Britain wanted to accelerate this development by completing the internal common market and ensuring that not only goods but services, information and people could move freely; by developing new policies concerning unemployment, energy and fisheries; by proceeding without delay in the negotiations concerning the entry of Spain and Portugal; and by exploring the possibilities for integrating the structures through which political co-operation on joint foreign policies was conducted (see pp 326-7, 1981).

Speaking in The Hague on 4 October, Mr Tebbit pointed out that in a world where pressures for protectionism were mounting, member states would be worse off without the stimulus and opportunity offered by the common market. Without it, they would be building trade barriers, engaging in competitive currency devaluations, and be poorer and more vulnerable to the world's protectionist powers. He continued: 'It is the Community's achievement to have avoided that catastrophe and we must build on that achievement. But we must be sensitive and realistic in doing so. It can be no part of the Community vision to produce a Europe of standard products, customs and people. Nor would our peoples accept it. So much of the strength and vitality of the Community is due to the rich and continuing variety which each member state brings to it. I have no doubt that we can honour the Treaty of Rome and our commitment to a free and open market, while still enjoying our national identities and benefiting from the thousand and more years of history which each of our peoples contributes to the Community.'

REGIONAL POLICY

Northern Ireland, Mr Prior noted, as well as suffering from an unsettled political structure and a deep-rooted terrorist campaign, had long been an economically disadvantaged area and the Community had recognised this. The Province, heavily dependent on such traditional and declining industries as agriculture, shipbuilding, textiles, and more recently, man-made fibres, had consistently had the highest unemployment rate among Britain's regions. Moreover, between 1961 and 1980 migration from Northern Ireland was equivalent to 56 per cent of the natural increase in population, a characteristic also shared with some Italian regions. Although creation of new jobs, and migration, had helped to stabilise employment levels in Northern Ireland up to the early 1970s, there had been a loss of 30 per cent of jobs in manufacturing industry since 1979. 'As jobs in these industries are lost it is extremely difficult to replace them either by local investment or by new industries from outside the region . . . The recession has also meant that many fewer jobs are available in the more prosperous regions so that migration of workers can no longer ease unemployment and under-employment in the disadvantaged regions.'

Within the Community, Mr Prior pointed out, there had been no reduction in the large disparity between the richest and the more accessible parts and the poorest and most remote regions of the periphery. The highest rates of decline in manufacturing industry had been in the peripheral regions. Although there were no easy answers, a combination of national and Community measures was required. Failure to find one would do much to undermine both the principles on which the Community was founded and the determination of its peoples to make them a reality. The British Government had recognised Northern Ireland's special problems by, among other things, allocating to the region a larger share proportionately of resources than the rest of Britain, investment incentives, and the creation of special bodies to

create new employment. Such efforts could not, however, succeed without complementary action by the Community, which was bound by the Treaty of Rome to 'ensure harmonious development by reducing the differences between the various regions and the backwardness of the less-favoured regions'. A Community worth its name, added Mr Prior, had to channel funds from its richer areas to its less-favoured ones.

Regional Development Fund

Observing that in the early days of the Community, this principle had been subordinated to the creation of an economic grouping able to trade more effectively with itself and the outside world, Mr Prior said that the era of sustained growth coinciding with the first two decades of the Community's existence had helped to camouflage the problem of the peripheral regions. Things had, however, changed in the early 1970s with the onset of the oil crisis and a growing Community awareness of the importance and urgency of regional issues as shown by the creation of the Regional Development Fund in 1975. This had become a key item of Community expenditure, having grown steadily from £200 million in 1975 to nearly £1,000 million in 1982. Aid from the Fund had permitted the British Government to pass on substantial cash resources to Northern Ireland bodies responsible for infrastructure in the Province, notably the harbour and airport authorities, the electricity service and British Telecom. The European Commission, said Mr Prior, had been most helpful on such matters as feasibility studies wherever there had been an opportunity for genuine economic co-operation with the Irish Republic.

Expenditure under the Regional Fund, however, was still tiny when set against the national expenditure of member states on the disadvantaged regions. 'Moreover . . . the gap between the richest and poorest regions of the Community is not being reduced, despite all our efforts to close it.' Recalling that the Council of Ministers had agreed in November 1981 that the financial resources of the Fund should continue to grow in real terms and that there should be greater concentration on areas of need in the less prosperous states, Mr Prior said that Britain had high hopes of the current review of the Fund. During discussions the British Government had stressed that the Fund should grow rapidly as a proportion of total Community spending, be concentrated on areas of greatest need, give more attention to coping with the negative effects on regions of some Community policies, and be flexible both in its rules and administration.

Commenting on the allegation that Britain's interest in the Fund was purely self-interested and designed to recoup excessive net payments to the Community budget, Mr Prior said: 'I will not deny that progress in developing the Regional Fund would make a central contribution to restructuring the Community budget which must be a central concern for all of us. The present system, by which Britain and [the Federal Republic of] Germany are the paymasters of Europe, is not good for the Community' (see p 347). The budget issue, although certainly relevant, was by no means the whole story; for without proper emphasis on regional affairs member states could not call themselves a community. Moreover, Britain regarded the Social Fund (see p 347) as a complement to the Regional Fund and had given its support in principle to a transport infrastructure fund. All these policies could do something to reduce the problems of the peripheral regions.

Agriculture

Mr Prior said that certain decisions taken in the interest of the majority of the Community sometimes created new problems for the disadvantaged regions and aggravated existing ones. Before 1973 the pig, poultry and egg industries in Northern Ireland had been based upon relatively cheap North American grain. 'Membership of the Community meant high prices for animal feed to Northern Ireland farmers because of their remoteness from grain supplies produced within the protected Community. The result has been that the intensive livestock industry is now only about one-half of its size on accession, with severe job losses in ancillary enterprises.' While not arguing with the principles of the Common Agricultural Policy, Britain felt that, if the Policy and the rules of competition could be operated more flexibly to meet the needs of the regions, 'agriculture could have provided additional employment and could have acted as a reservoir of labour awaiting the creation of new jobs'. The direction of some of the Community's surplus grain to a peripheral region like Northern Ireland where it could maintain jobs in the traditional livestock industry would be preferable to selling it, as existing policies required, at low prices to countries outside the Community.

Economic Convergence

It was a fact, continued Mr Prior, that many common policies did not contribute to economic convergence. 'The challenge of the Community . . . is to modify certain Community policies dealing with individual sectors so that their combined impact is to reduce the balance of disadvantage in the peripheral regions.' Although it would often be impossible to produce a policy of equal benefit to all, member states could and should be more conscious of the regional consequences of the decisions they took. The theme of convergence needed to be a major ingredient in each policy debate. 'In short, we should try to rely more on ensuring that the Community's policies are compatible with the interests of the peripheral regions and could perhaps then rely less on exceptional measures taken by the many funds to relieve the imbalance created by Community policies.'

In conclusion Mr Prior said that the severity of regional problems demanded action. 'The problems of the Community's disadvantaged regions are likely to get worse if we do not give them a much higher priority. Unless some solution is found, the disadvantaged regions will become an increasing economic burden on the rest of the Community.' Britain and Italy, as two countries particularly affected by regional problems, had a special responsibility to weld their common inter-

ests and experiences into a policy which could be translated into Community action.

EMPLOYMENT AND SOCIAL POLICY

The twin evils of inflation and unemployment, Mr Tebbit told his Dutch audience, were common problems imposing strains on both economic and social life in all member states. 'The combination of world recession, following the oil price shocks and high inflation rates in the industrialised countries, has caused unemployment to rise steeply and alarmingly in the Community as a whole over the last three years.' All member states were faced with the same risks and had the same interests in combating unemployment and restoring economic growth while preserving monetary stability and ensuring the competitiveness of their economies. Secure jobs were created not by the dictates of governments but by responding to the demands of consumers. 'The spirit of the Treaty of Rome rightly suggests that we should reinforce not frustrate the operation of the market; and that we should therefore remove outmoded restrictive practices—whether operated by employers, unions, governments or any other interest ... which prevent the working of the market.'

Young People

Turning to possible priorities for the Community, Mr Tebbit said that there had to be an improvement in industrial training, for future prosperity depended upon the effective use of the productive power of new technology, and people needed to be trained for rapid changes in skills and jobs as technology developed. Young people were suffering disproportionately from the sharp reduction in work opportunities, well over a third of unemployed people in the Community being under the age of 25. Action was needed now, and Britain fully supported the European Council decision in March (see pp 112-13) that member states would strive to ensure that over the next five years all young persons entering the labour market for the first time would receive vocational training or work experience. From September 1983 a new youth training scheme in Britain would guarantee a full year's foundation training for all 16-year-old school-leavers who found themselves without a job (see pp 248-57). The Government had drawn on the experience of other member states when preparing the scheme. Britain was also willing to support increased exchanges of trainers with other member states and to expand arrangements for trainees to spend part of their time in another member state on courses such as catering or tourism. 'An increased exchange of experience, with a strong practical slant, offers one of the ways in which the Community could most effectively follow up the call of the March European Council for progressive action to help young people entering the labour market.'

The Long-term Unemployed

A second area for priority action was the growing number of people remaining unemployed for a year or more. A large-scale programme was being developed in Britain to offer temporary work or voluntary service activity to the long-term unemployed. Mr Tebbit said that the British Government had been particularly interested to learn of a Netherlands scheme to encourage employers to recruit the long-term unemployed through generous subsidies, and wanted to exchange experience with all member states. The scope for part-time work could be extended and the European Commission could study this, taking account of existing experience in member states; schemes could not, however, be afforded if they imposed additional costs on industry.

European Social Fund

Mr Tebbit recalled that the Community's Social Fund was a major instrument for the support of employment and training measures and that the Commission was about to review its operations. 'It would be a great value to the Community if the Fund were to be developed to support ... the priority programmes I have identified, and above all to support schemes providing training and work experience for young people throughout the Community.' Britain did not see the Fund simply as an instrument for recouping part of its excessive net payments into the Community budget, since the Community would benefit if it could show that resources could be directed to the needs of urban and industrial areas as well as of the rural and agricultural areas that had until now received the lion's share of Community benefits.

An Effective Common Market

Stressing that Britain wanted to work with its partners in promoting the aims of a true common market by ensuring the free movement of labour or by establishing generally acceptable standards in occupational health and safety, Mr Tebbit said that such measures helped to ensure the effective operation of competition to the advantage of all member states. The adoption of a directive, however, was the beginning not the end of the matter. Having established agreed standards, it was vitally important to ensure their effective operation throughout the Community. The Commission had produced a second draft action programme on occupational health, safety and hygiene, and Britain wanted more attention given to questions of enforcement at the workplace. To be properly effective the Community had to see that the standards it imposed were both realistic and enforceable.

COMMUNITY BUDGET

The Foreign Affairs Council, meeting on 25 and 26 October, reached agreement on the implementation of the May 1982 agreement concerning Britain's contribution to the Community budget in 1982. A problem had arisen because the May agreement (see pp 153-5) had provided relief to the Federal Republic of Germany without stating how it should be given.

Details of the arrangements were given by the Foreign and Commonwealth Secretary, Mr Francis Pym, in the House of Commons on 27 October (*Hansard*, Vol 29, No 173, cols 1043-50). Britain will receive a basic refund of about £600 million

gross charged to the 1982 budget before the end of the year, and it will be transferred to Britain by the European Commission from its cash balances in other member states rather than running down its cash balances in Britain, as was the case in previous years. In addition, the Federal Republic of Germany will receive its basic refund from the 1982 budget; since Britain contributes to this in the first instance under the own resources system of Community finance, compensatory arrangements were agreed. Mr Pym explained that the risk sharing payments would also be brought forward and be made from the 1983 budget and not from the 1984 one as had originally been agreed. On long-term budget arrangements, Mr Pym said that they would be discussed at the November meeting of the Foreign Affairs Council.

STEEL EXPORTS

On 21 October the Community reached agreement on the terms of a negotiated settlement with the United States concerning steel exports (see p 236), thereby avoiding the imposition of United States countervailing and anti-dumping duties on certain British and other Community steel exports.

Reporting to the House of Commons on 22 October (*Hansard*, Vol 29, No 170, cols 664-72), the Secretary of State for Industry, Mr Patrick Jenkin, said that the Government had recognised from the outset 'the importance of resolving the issue in a way that would guarantee the United Kingdom steel industry a reasonable share of the United States market . . . and avoid the imposition of punitive duties'. The settlement establishes (for the period from 1 November to the end of 1985) restrictions by means of export licences on Community sales of a range of carbon and alloy steel products. In addition, Community exports of steel pipes and tubes will be monitored and if they exceed 5·9 per cent of the United States market immediate consultations will be made with the possibility of control measures being introduced. Mr Jenkin said that, although the arrangements with the United States inevitably represented a compromise, the outcome for the British steel industry and jobs in British steel plants was much better than it would have been without an agreement.

Turning to the problems of the collapse of markets for steel throughout the world and resultant over-capacity, Mr Jenkin said that they posed real threats to the European steel industry. Britain had therefore pressed for a significant tightening of voluntary restraint arrangements governing imports from non-Community countries in 1983.

On the restructuring of the Community's steel industries, Mr Jenkin said that both the British Steel Corporation and private sector firms had made great sacrifices to make the steel industry competitive. The Government was doing all it could to ensure that other member states faced up to their responsibilities by bearing their share of the necessary sacrifices. Agreed Community arrangements concerning mandatory production quotas and rules about pricing needed to be observed as scrupulously by other member states as they were by Britain.

FISHERIES

All the member states except Denmark reached agreement on a common fisheries policy at the Fisheries Council which met in Luxembourg on 25 and 26 October.

Reporting to the House of Commons on 27 October (*Hansard*, Vol 29, No 173, cols 1051-9), the Minister of Agriculture, Fisheries and Food, Mr Peter Walker, said that the agreement provided for increases in total quotas for Britain in both absolute and proportionate terms, and included improved quotas for North Sea cod, west coast haddock, saithe and west coast herring. The quotas compared favourably with the best level of fishing in recent years and were far in excess of the average levels. On the question of access to British coastal waters, Britain had succeeded in reducing or eradicating historic rights within the 12 mile limit along nearly three-quarters of its coastline where these rights currently existed; an improvement had been obtained not only in the position following British entry into the Community but also in the pre-accession position. In addition Britain had obtained important rights in other coastal waters, especially those of the Irish Republic and Heligoland.

On conservation Mr Walker said that the agreement provided for a regime on a permanent basis. 'Our national measures will now be implemented by the Community. This will be, for the first time, backed by an effective control system based on the United Kingdom proposals. A combination of these conservation and control measures will secure for the British fishing industry the prospect of improvements in fish stocks instead of the decline in stocks which it has suffered in the past.'

Turning to the financial position of the British fishing industry, which had accepted the proposed agreement, the Minister noted that it had suffered some additional costs, particularly for fuel, despite an improvement in its finances in the first eight months of the year. 'I have therefore decided that it is important to provide further aid to the industry for 1982 to see that it is in a viable position to take advantage of the opportunities that the common fisheries policy will provide.' Aid of £15 million would be provided and details would be given to the House at the earliest possible opportunity.

On 8 November another meeting of the Fisheries Council was held in Brussels, where the Danish minister told the Council that Denmark was unable to accept the package of measures agreed in October. Reporting to the House of Commons on 9 November (*Hansard*, Vol 31, No 5, cols 435-43), Mr Walker said that Britain and the other eight member states had informed the Danish minister that they could not agree to change the October agreement and had expressed strong disappointment at Denmark's attitude. The Danish minister had later informed the Council that his Government would consider approval of the package at a meeting on 10 November. In the event of the Danish Government persisting in its refusal to accept the package, Mr Walker continued, the Council had agreed 'to resume discussions before

the end of the month in order to consider what national measures would be necessary to implement as far as possible the package agreed by nine member states to conserve Community fishing stocks and to allocate them fairly between member states'.

At its meeting on 10 November the Danish Cabinet endorsed Denmark's refusal to agree to the common fisheries policy but the Danish Prime Minister, Mr Paul Schlüter, expressed hope that a fisheries agreement could be reached before 1 January 1983.

Falkland Islands: United Nations Debate

Britain reaffirmed its commitment under Article 73 of the United Nations Charter to respect the wishes and political aspirations of the Falkland Islanders, during a General Assembly debate on the Falkland Islands in November. It opposed a draft resolution tabled by 20 Latin American states, including Argentina, on the grounds that it did not take sufficient account of the wishes of the Islanders and that Argentina had failed to declare a final cessation of hostilities.

Originally tabled on 1 October, the draft resolution, after considerable amendment, was approved by the General Assembly on 4 November by 90 votes to 12 with 52 abstentions. The United States voted for the resolution and all Britain's partners in the European Community (with the exception of Greece which voted in favour) abstained.

The resolution requested Britain and Argentina 'to resume negotiations in order to find as soon as possible a peaceful solution to the sovereignty dispute relating to the question of the Falkland Islands (Malvinas)', asked the Secretary-General to undertake a renewed mission of good offices, and placed the Falkland Islands issue in the provisional agenda of the General Assembly's thirty-eighth session in 1983. The preamble to the resolution stated that 'the maintenance of colonial situations is incompatible with the United Nations ideal of universal peace', referred to 'the existence of a *de facto* cessation of hostilities in the South Atlantic and the expressed intention of the parties not to renew them', and reaffirmed 'the need for the parties to take due account of the interests of the population of the Falkland Islands'. It also reaffirmed 'the principles of the Charter of the United Nations and the non-use of force or the threat of force in international relations and the peaceful settlement of international disputes'.

In a radio interview on 5 November the Foreign and Commonwealth Secretary, Mr Francis Pym, said that Britain could not negotiate with Argentina because the Argentine Government had broken off previous negotiations by invading the Islands, was not prepared to renounce the unlawful use of force, and was unwilling to take full account of the wishes of the Islanders. Mr Pym hoped that the Argentines would change their attitudes by participating in negotiations without any prejudgment about the outcome. 'At the moment all they are really thinking about is just how they can acquire the sovereignty of the Falkland Islands . . . [This] resolution before the United Nations is their way of trying to achieve by a kind of bogus resolution what they have failed to achieve by a military invasion. Of course we can't negotiate with them, but we look forward to the day when our relationship is re-established on a sensible and normal basis.'

Britain's Position

Addressing the General Assembly on the opening day of the debate (2 November), the British Permanent Representative to the United Nations, Sir John Thomson, spoke first of the long ties of friendship and mutual interest which had existed between Britain and the countries of Latin America, including Argentina, and of the important role Britain had played in their independence struggles[1] 'in support of just that principle of self-determination' which was now at issue with respect to the Falkland Islanders. Britain had no quarrel with the peoples and Governments of Latin America and it was with a sense of sadness that it found itself 'unwillingly in a state of confrontation' with the present regime in Argentina.

To focus attention on 'the essence of the problem' before the General Assembly, Sir John contrasted the position taken by the Argentine Foreign Minister (see p 351) with that which he proposed to set out. 'He stressed legalism. I will stress natural law and fundamental rights. He stressed sovereignty over land. I stress the rights of the people. I do not in any way mean that we have doubts about our sovereignty. I do not in any way denigrate legalism. But . . . what is it that the Charter stands for? It stands for the rights of all peoples and for the rights of individual peoples. A small people is at stake today but that principle that applies to them is universal.'

After describing briefly the recent conflict, which had been forced upon Britain by Argentina's invasion of the Falkland Islands and its subsequent refusal to obey a mandatory Security Council resolution calling for the immediate withdrawal of its forces (see pp 105-9), Sir John said that Britain was now faced by an 'unnecessary political confrontation.' This was ill timed, ill considered and was bound to exacerbate an already serious situation. It was only seven months since the Argentines had invaded and had brutally disrupted the life of the Islanders and it would take time to restore both material and psychological damage. Everyone knew of the depth of feeling aroused in Britain and the determination not to allow aggression to be rewarded. The British forces had fought in defence of noble principles which could not be brushed aside as being of no account. Severe casualties on both sides had occurred and the dead were still being mourned. Lives were still in peril from the mines so indiscriminately scattered

[1]For further information, see COI reference paper *Britain and the Latin American Independence Movements*, No 184/82.

by the Argentine forces. In these circumstances it was hardly surprising that the British people and the Falkland Islanders should feel so strongly that, so soon after the Argentine invasion, it was unrealistic to expect that 'a resolution could be devised which could be accepted by [Britain] and by Argentina'.

In view of this, Britain had taken soundings to see whether it was possible to have a debate without a resolution and a vote, considering that 'the requirements and emotions of both parties might be satisfied by making their positions clear to this General Assembly'. Though this had proved impossible, Britain had not then opposed the question's consideration by the General Assembly. Sir John added: 'We felt that a matter which involves such fundamental principles – the decent conduct of international affairs and the rights of people – should be given the serious attention it deserves in . . . the parliament of the world.' The British Government believed with total conviction that it stood for principles and codes of behaviour that mattered to the whole world.

Historical Misconceptions

Before examining these principles, Sir John turned to some misconceptions regarding the history of the dispute. Whoever had first sighted the Islands, he said, there was no doubt that the first landing was British and that the first attempt at settlement was made by the French in 1764 followed closely by Britain in 1765. Other facts were of far greater significance, namely the 149 years of continuous, peaceful settlement by a 'vigorous, firmly rooted community, stretching back to six generations, of people who know the Islands as their only home.' Although small, the community had its own distinct culture with its own educational, social and political institutions.

Dealing with the myth that Argentina had inherited title to the Islands from the Spanish Empire, Sir John said: 'The Islands were abandoned by Spain in 1811, five years before Argentina's declaration of independence. After that and until 1820 the Islands were mostly deserted, apart from occasional visits by whalers and sealers of various nationalities.' Moreover, Argentina did not settle the Islands after 1820. Although in the following years various colonising ventures from Buenos Aires were planned, 'these were essentially private in nature and were never effectively carried out'. In 1829 the Buenos Aires Government had issued a decree appointing Louis Vernet as Governor of the Islands, this action evoking a firm British protest which was repeated in 1832. Vernet's activities in the Islands were essentially private in nature: 'His authority in the Islands was not recognised by any other powers. His venture was dispersed in 1831 by the captain of the United States vessel, the *Lexington* . . . The Falkland Islands were never in any sense part of the territory of Argentina.'

Nor was it true that there was a settled Argentine population in the Islands in 1833, Sir John continued. 'The Islands were practically devoid of settlement when Captain Onslow arrived at East Falkland in January 1833. The small military garrison had mutinied and murdered their commander. Of the few other people of Buenos Ayrean or other origin around Port Louis, the majority asked to be repatriated to Buenos Aires. Only 18 could be persuaded to stay behind.' In January 1834 the township of Port Louis was deserted without any Argentine settlers of any description.

Finally, Sir John said, there had been no act of force by Britain in 1833 and 1834, the British re-occupation having been effected without a shot being fired.

The Draft Resolution

Britain found the draft resolution objectionable, Sir John continued, both for what it said and still more for what it did not say. In the context of the Falklands dispute the word negotiations had a loaded meaning. 'Successive Argentine Governments have made it abundantly plain . . . that negotiations are only to achieve one result, namely the transfer of sovereignty over the Islands from Britain to Argentina. The Argentines have stressed that for them negotiations mean discussions about the date on which they will acquire control of the Islands. They do not admit that the negotiations can have any other outcome.' For Britain, however, negotiation meant a process in which the result was not predetermined. It rejected the idea that negotiation could have only one outcome.

Although Britain had not the slightest doubt about the validity of its case on sovereignty, it was more concerned about the wishes of the Falkland Islanders, who had 'a right to determine their own fate'. Negotiations could not be resumed where they were broken off last April. It was difficult for anyone, let alone the Islanders, to have confidence in the good faith of the Argentines, who still refused to accept a definitive cessation of hostilities or to renounce the use of force. Only last week the commander of the Ninth Air Brigade of the Argentine air force had said that Argentina had to be 'better prepared than ever to make the second battle definitive and annihilate the enemy'. Moreover, after the invasion the Argentines had again rejected the path of negotiation and had chosen violence. It was naive to suppose that the illegal use of force had no effect. How could the Falklanders or the British Government be expected to act as if no invasion had occurred?

Sir John emphasised that the dispute could not be wished away by clever drafting. The fundamental principles of the Charter had a universal validity which would be undermined if an exception were made in the case of the Falklands. Britain stood by the Charter and there could be no compromising, no redrafting and no negotiating to make these principles mean something else. The British Government rejected loaded negotiations, for what was required was a change of heart by Argentina. 'When we see that this has happened, then there will be hope that this dispute can be behind us.'

Rights of the Falkland Islanders

Noting that the original draft resolution had carefully omitted the people of the Falkland Islands, Sir John said: 'It is the inhabitants of the Falklands

whose future and whose children's future is at stake. They are not slaves to be transferred at the stroke of a pen, to be bought or sold or bargained away, to have their aspirations and wishes brushed aside without even a chance of expressing them.' The Islanders were 'entitled like other people to the protection of the Charter, to the goodwill of the world community and to rely upon the obligations which my Government has undertaken and which the Falklanders have in the free exercise of their democratic rights asked us to maintain'.

Self-Determination

The principle of self-determination applied to the Falklanders as to other people, expecially since the Islands were a non-self-governing territory covered by Article 73 of the Charter, under which Britain had accepted the obligation to recognise the interests of the Islanders as 'paramount'. Under this Britain was enjoined to accept as a 'sacred trust' the obligation to promote the well-being of the Islanders and to ensure their political, economic, social and educational advancement, their just treatment and their protection against abuses. Furthermore, Britain had to take due account of the political aspirations of the Islanders and to assist them in the progressive development of free political institutions. 'We intend to go on fulfilling these obligations and we are entitled to the support of the international community in so doing.'

When Britain had first begun to report to the Secretary-General on its non-self-governing territories, Sir John pointed out, they had numbered more than 70. They had since been reduced to a quarter of that total. 'Those who are no longer on the list are now independent sovereign states or have chosen some other future. They have benefited from Article 73 and the exercise of their right of self-determination. There is no reason why the Falklanders should not do so too. Neither those countries which have benefited from Article 73 nor their fellow members of this Assembly should ask us to evade our obligations under Article 73 or deny their right of self-determination to those people who remain our responsibility. To do so would be to apply double standards with a vengeance.' Although in the draft resolution Argentina had now been prevailed upon to acknowledge the existence of the Falklanders, there was not a word in the draft amendments about their wishes or their right to self-determination. Britain could not accept that its clear obligations to the Islanders under Article 73 'should be smudged and blurred into an offhand phrase about taking their interests "duly" into account'.

Good Neighbourliness

Article 74 of the Charter, continued Sir John, stated that member states' policy in respect of non-self-governing territories had to be based on good neighbourliness. Britain recognised the need for the Islanders to construct a stable and harmonious relationship with their neighbours. 'This is important both for peace in the region and to allow the full development of its economic potential. It is what we have sought over the years. We are more than willing to live at peace with Argentina and get back to a more normal relationship.' A number of steps to that end had already been taken, including the return of all the Argentine prisoners of war and the reciprocal lifting of financial measures (see pp 321-3). Britain was now looking for early progress on the reciprocal lifting of the remaining economic restrictions. So far, however, there had been a disappointing lack of response from Argentina.

Formal Cessation of Hostilities

Returning to the draft resolution, Sir John said that the amended version did not represent a change of heart by Argentina. It did not contain a clear affirmation by Argentina that the hostilities it had initiated were finished or an Argentine undertaking to forswear the threat or use of force in the future. Nor did it contain an Argentine promise never again to break off negotiations and invade the Islands on the grounds that the results of negotiations were insufficient. Although there were phrases about a '*de facto* cessation' of hostilities and 'the intention of not resuming them', these were 'designed to give the impression of a commitment, while being so carefully drafted as to contain no commitment at all'. These phrases had been used by the Argentine Foreign Minister in the Assembly's general debate in October, but on the same day a member of the Argentine Junta, in a public speech in Puerta Belgrano, had said that Argentina had not surrendered and had been only momentarily beaten by the enemy. Sir John continued: 'It seems that even now Argentina's present rulers cannot bring themselves to say that the use of armed force is wrong. They do not admit that the war they started is now finally at an end and will not be resumed. They will not promise that there will be no return to a policy of force in the future. They would have us believe that all this is consistent with the basic Charter principles on the non-use of force and the peaceful settlement of disputes.'

In conclusion, Sir John said that the British objection to the revised draft resolution was above all its failure to acknowledge that the most important party in the dispute were the inhabitants of the Falkland Islands. 'It is their livelihood and their future which is at stake. Britain can look after herself but she has an obligation to look after the Falkland Islanders as well. We very much hope that the people of Argentina will recognise this and that in accordance with law and fair play they will extend a helping and friendly hand to the Falklanders, not a menacing fist. Is it too much to ask that the dispute involving the Falklands should be resolved in accordance with the purposes and principles of the Charter?'

Argentine Views

The Argentine Foreign Minister, Señor Aguirre Lanari, told the Assembly on 2 November that the question of the Falkland Islands had originated in the persistence of anachronistic forms of colonial domination. The issue was one of sovereignty, and Argentina's legal case was solidly based. The dispute had arisen from Britain's forceful occupa-

tion in 1833. Spanish sovereignty had been inherited by the newly independent Latin American states and Argentina had administered the Islands through six governors from 1810 to 1833. Britain had not challenged Argentina's sovereignty when recognising Argentine independence in 1825, whereas Britain's illegal occupation by force had always been challenged by Argentina.

Señor Lanari emphasised that the dispute was about territorial integrity and not self-determination. The right to self-determination was a fundamental right, but at times the General Assembly had decided that territorial integrity was more appropriate in a specific case and the International Court of Justice, Señor Lanari suggested, had upheld this principle.[1] The Falkland Islanders did not have legitimate ties with the territory and therefore did not possess the right to self-determination. Britain's insistence on this was a manoeuvre designed to perpetuate the colonial situation. The only people with the right to exercise self-determination in relation to the Falklands were the people of Argentina. Britain and Argentina were the sole parties to the dispute.

Britain's recent aggression, Señor Lanari continued, had been aggression against all of Latin America and aimed at establishing a military base on the Falklands which would be a constant provocation to Argentina and Latin America. While Britain might enjoy the administration, control and riches of the territory, Argentina would never cede sovereignty. The end of the road had been reached and the only valid alternative was negotiation.

Explanation of Britain's Vote

Explaining Britain's decision to vote against the resolution, Sir John Thomson said on 4 November that the April invasion and Argentina's failure to abide by the mandatory Security Council resolution 502 had shown that the present Argentine regime would stop at nothing in pursuit of its claim to sovereignty. The Argentines continued to make it clear that they expected to have a second round and were preparing for it. Moreover, the official Argentine news agency had issued a statement on 2 November with the purpose of denying a report that Argentina would finally declare a cessation of hostilities. Britain, continued Sir John, would vote against the resolution, to indicate its resistance to any further Argentine pressure on the Falklands. 'It would be a tragedy if the vote of this Assembly were to encourage the Government in Buenos Aires to think that the Assembly was prepared to turn a blind eye to their act of aggression seven months ago and therefore to think that they could get away with renewed pressure on the Falklands. We must show by our votes that the Assembly would strongly oppose any renewal of such pressure.'

Commenting on the draft resolution's reference to the interests of the people of the Islands, Sir John said that 'if the Argentines had genuinely wanted to reassure the Falklanders and to influence Britain they would have referred not to the interests of the people but their wishes'. There was no sign in the resolution or the speeches of its co-sponsors 'of any recognition of the fundamental fact that these people have been for generations, and continue to be, the people of the Islands'. The reference to their interests served only to show that the Argentine Government claimed to know better than the people themselves what those interests were. This was entirely inadmissible. The resolution contained no reference to the universal principle of self-determination. Britain also rejected the resolution because the preamble referred to 'the sovereignty' dispute, for this formula was designed to prejudge the issue and was therefore unacceptable.

In conclusion Sir John said that the resolution did not recognise the obligations of Britain or the rights of the Falklanders under Article 73 of the Charter. 'This article clearly applies to the Falklanders. It is totally unacceptable that the draft resolution should purport to decide their future not only over their heads but also without reference to the relevant parts of the Charter. My Government will not abandon its responsibilities to ensure that the interests of the Falklanders are paramount and to respect their political aspirations. That is the nub of the whole matter. Are the Falklanders to have the right to control their own future? We say yes. We shall therefore vote against the draft resolution.'

United States' View

The Deputy Permanent Representative of the United States, Mr Kenneth Adelman, told the Assembly on 4 November that the United States had always supported a negotiated settlement in the conflict over the Islands and, at the outset of the crisis, had made 'sustained efforts to bring the parties to the negotiating table' (see pp 110 and 153-5). It had also opposed the use of force, especially in Latin America where a significant number of territorial disputes remained to be solved diplomatically. Mr Adelman recalled that the United States had supported Security Council resolutions 502 and 505 and said that the same vital need for a negotiated settlement underlined its vote for the resolution before the Assembly. The resolution reaffirmed the principles of the Charter concerning non-use of force, and the United States welcomed its reference to cessation of hostilities and the intention of the parties not to renew them.

Mr Adelman emphasised that the United States would not vote for any resolution prejudging the question of sovereignty or the outcome of negotiations. It had never taken a position on the question of sovereignty and would not do so now. He also emphasised that, when calling upon the parties to negotiate, it should not be forgotten that the Islands were and had been for generations

[1]Addressing the Assembly on 3 November, Sir John Thomson pointed out that, in its advisory opinion on Namibia in 1971, the International Court of Justice had stated, in the context of Article 73 of the United Nations Charter, that 'the subsequent development of international law in regard to non-self-governing territories as enshrined in the Charter of the United Nations made the principle of self-determination applicable to all of them'. The Court had reaffirmed this in its 1975 advisory opinion on Western Sahara and also declared that the provisions of resolution 1514 [on the granting of independence to colonial peoples, adopted by the General Assembly on 14 December 1960] 'confirm and emphasise that the application of the right of self-determination requires a free and genuine expression of the will of the peoples concerned'.

the home of a small, but resolute, population of island people. 'The United States assumes that negotiations undertaken by the United Kingdom and Argentina must necessarily take into account the aspirations of the Falkland Islanders. In supporting this resolution, the United States affirms that this dispute, like all others, should be settled by discussion and never by force and that the fate of peoples should never be settled without due account being taken of their views, values, interests and rights.'

Prime Minister's Visit to West Berlin

Britain's commitment to uphold the freedom of West Berlin and the need for vigilance, strength and determination in the defence of liberty were emphasised by the Prime Minister, Mrs Margaret Thatcher, in a speech in West Berlin on 29 October.

The Prime Minister, on her first visit to West Berlin, said that the city, where the ideologies of East and West met, invoked 'two fundamental messages'. The first was a reminder that 'we live in the shadow of a power dedicated to the denial of all that we believe in' and that 'we must be vigilant, strong and determined in the defence of liberty and justice'. The second was one of hope, for free Berlin was a centre of excellence in the arts, was renowned for scientific endeavour and was a 'living proof of what man can achieve when he has the will'.

Describing the Berlin Wall as a grim monument to a cruel and desolate creed, Mrs Thatcher said that every stone bore witness to 'the moral bankruptcy' of the society it enclosed. The Communists would stop at nothing to keep people in and even flaunted their ruthlessness and barbarism in their desperate attempts to stop the flight to freedom. 'The Wall is also an ever-present reminder that those who repress the liberties of our eastern neighbours seek also to extinguish our own.'

Defence of Liberty

The defence of liberty required the maintenance of a necessary level of conventional and nuclear forces. The British forces in West Berlin demonstrated the continuing commitment of Britain, with its French and United States allies, to uphold the freedom of the city.

The Prime Minister continued: 'If liberty is assaulted in one place it is diminished everywhere. If we in Europe fail to stand by our commitments in one place then our willingness to stand by them in another is questioned. That is why, earlier this year, British forces sailed 8,000 miles to expel a foreign invader. When the aggressor abandoned the path of negotiation and resorted to force, we had no choice. We could not accept that the liberty of British people to enjoy their chosen way of life should be extinguished.' The argument that force should not have been used and that the liberty of a small number of people far away in the South Atlantic was not worth the effort and sacrifice had a hollow ring in Berlin, which had a special need to know that Britain honoured its obligations.

East-West Relations

Berlin also taught that the qualities of strength and determination could not only keep the peace, as they had done so over the last 37 years, but also lead to a reduction in tension and to greater East-West co-operation. Because of the determination shown by the West and the people of Berlin, it had been possible to negotiate practical arrangements with the Soviet authorities in the Quadripartite Agreement of 1971 (see pp 247-8, 1972). Similarly, because the Western Alliance was strong in capacity and resolve, the negotiations to achieve balanced reductions in nuclear weapons and conventional forces had a better chance of success. The West, Mrs Thatcher stressed, sought arms reductions which did not jeopardise its security and way of life. Britain, in particular, would continue to work, not for peace at any price, but for peace with freedom and justice; it would seek, too, improved relations between East and West, but it required a two-way effort and greater respect for international law and human rights than had been seen in recent years.

Freedom and Repression

Declaring that there were forces more powerful and more pervasive than the apparatus of war, and that, although one could enslave a man, one could not conquer his spirit, Mrs Thatcher pointed to the fact that in every decade since 1945 the Soviet leaders had been reminded that their pitiless ideology had only survived because of its maintenance by force. The lesson of Poland (see below) showed that when the anger and frustration of the people was so great, force could not contain it. While there would be attempts to shore up the system, in Poland things would never be the same again. 'The renewal and reform which the Polish people seek must come, or there will be no lasting stability or prosperity in that unhappy country. The Polish authorities must change course. In the long run, they have no realistic alternative. Poland's history proves it.' The Berlin Wall showed, Mrs Thatcher said, how the Soviet Union and its allies felt threatened by the West's ideals and values, for the Soviet leaders knew that when people had the choice, they chose to be free.

Poland

Britain has condemned the dissolution by the Polish Government of the independent trade union, Solidarity.

Passed in the Polish Parliament on 8 October, the new legislation dissolves Solidarity and all other

registered trade unions, and provides for the setting up from 31 December 1982 of new unions with one union per factory and with a curtailed right to strike. The proposed unions will have to register in local courts and pledge their support for the leading role of the Polish United Workers Party (the Communist party) and for the Polish constitution.

British Views

Noting its desire to develop relations with Poland and the Polish people, the British Government, in a statement issued by the Foreign and Commonwealth Office on 9 October, strongly deplored the action against Solidarity and 'the clear intentions of the new legislation . . . to effect dissolution of a free trade union which before the imposition of martial law in December 1981 had the support of 10 million members' (see pp 7-12 and 67-8). The legislation was contrary 'to the objective stated on several occasions by the Polish leadership in seeking to justify martial law which was to establish unity and the process of renewal and reform and to resume the dialogue with the various elements of Polish society'. It was also inconsistent with the spirit of the 1975 Helsinki Final Act,[1] rendered the resumption of genuine dialogue in Poland very difficult, and suggested that the policy of the Polish regime was one of 'confrontation rather than reconciliation'. The British Government viewed this development as a 'further obstacle to the restoration of normal relations with Poland'. The Government's views were reaffirmed by the Parliamentary Under-Secretary of State at the Foreign and Commonwealth Office, Mr Malcolm Rifkind, at a meeting with the Polish Ambassador, Mr Stefan Staniszewski, on 13 October.

In a radio interview on the following day, Mr Rifkind said that Solidarity had enormous support among the Polish people and emphasised that the return to normality in British-Polish relations could not occur unless there was a resumption of a dialogue between the Polish people and Government, and the release of all detainees. Questioned on a possible use by the West of a refusal to reschedule Poland's huge debts as a way of bringing about these changes (see pp 69-70), Mr Rifkind said that there had been substantial discussions with private banks on the debts owed to them,[1] but that, as far as official government debt was concerned, there had been no decisions by the Western allies concerning talks with the Polish Government on debt rescheduling. The Polish Government was to a very considerable extent acting 'under very severe pressure from the Soviet authorities in Moscow' and Britain had to take into account the consequences of any of its actions and to consider, in view of the bad state of Poland's economy, the extent to which the Polish people would benefit if the Polish economy deteriorated even further.

United States' Reaction

Describing the new trade union legislation as a far-reaching step in the Polish Government's persecution of its own people, the United States President, Mr Ronald Reagan, announced on 9 October his intention to suspend Poland's most favoured nation status, which allowed Polish exports to the United States to carry lower tariff rates. (Under this measure, which came into effect on 27 October, tariffs on Polish goods have been raised to the level on imports from the Soviet Union, Czechoslovakia, the German Democratic Republic and some other Communist countries.)

President Reagan also said that his administration was consulting its allies on possible joint measures in response to the Polish Government's action, and called on the Polish authorities to lift martial law, release union detainees, including the Solidarity leader, Mr Lech Walesa,[2] and resume again 'the search for social peace through the arduous but real process of dialogue and reconciliation with the Church and Solidarity'.

[1]The signatories of the Final Act, including Poland, agreed to 'respect human rights and fundamental freedoms . . . [and to] promote and encourage the effective exercise of civil, political, economic, social and other rights and freedoms' (see pp 307-12, 1975, and pp 351-3, 1980).

[1]On 3 November after discussions with the Polish Government Western banks agreed to recycle, in the form of new trade credits, 50 per cent of the interest of $1,100 million due from Poland in 1982; repayment of 95 per cent of the principal ($2,500 million) is to be rescheduled over the next seven and a half years.

[2]Mr Walesa was released from detention on 13 November.

ECONOMIC AND SCIENTIFIC AFFAIRS

Economic Statement: a Summary

A cut in the National Insurance surcharge and reductions in the planned level of public expenditure and borrowing in 1983-84 were announced by the Chancellor of the Exchequer, Sir Geoffrey Howe, to the House of Commons when he presented his autumn economic statement on 8 November. The Government is expecting a continuing fall in inflation, from the present annual rate of about 7 per cent to some 5 per cent in 1983, and is looking for a further moderation of pay settlements.

The economic forecast, together with the Government's proposals on public expenditure and National Insurance,[1] is summarised below. A fuller account will appear in the December edition of *Survey of Current Affairs*.

Economic Forecast

The forecast suggests an increase of 1·5 per cent in total output in 1983, following an expected rise of 0·5 per cent in 1982, and a growth of 7 per cent in nominal gross domestic product (GDP) between 1982-83 and 1983-84. With the British economy expanding in 1983 nearly in line with the world economy and with no major change likely in the sterling exchange rate, the current account of the balance of payments is expected to be roughly in balance. The annual rate of inflation is expected to fall over the next few months to about 5 per cent and still to be around that level at the end of 1983. 'A further significant fall in the level of wage settlements' from the 1981-82 average of about 7 per cent is forecast for the 1982-83 pay round. As in other countries, unemployment is expected to continue to increase in 1983 although the rise should be moderated as output picks up in response to lower inflation and interest rates.

Public Expenditure

Planned public expenditure for 1983-84 is £120,100 million, slightly lower than the figure given at the time of the Budget and the first time since 1977 that the annual review has not led to an increase. There are, however, a number of changes in individual programmes.

Expenditure on defence is expected to be over £620 million higher because of costs associated with the Falkland Islands action. Provision for social security expenditure is also some £600 million higher, reflecting the latest information on expenditure in 1982-83 and changes in economic assumptions. A planned rise of nearly £170 million in expenditure on employment is caused by increased outlay on special employment measures (see pp 268-9), partly offset by savings elsewhere. Expenditure on the European Community will be £150 million lower as a result of revised estimates of net payments to Community institutions.

A reduction in spending of nearly £400 million is made necessary by the cut in the National Insurance surcharge (see below). Proceeds from special sales of assets are to increase by £150 million while the contingency reserve is reduced by £2,500 million, which is allocated to individual programmes.

The public sector borrowing requirement for 1983-84 is £8,000 million (compared with £8,500 million in the 1982 public expenditure White Paper), equal to 2·75 per cent of GDP.

Social Security Benefits

Social security benefits were raised by 11 per cent in November. This is well above the current rate of inflation, even after allowing for the 2 per cent extra to compensate for the shortfall in 1981 (see p 16), but an appropriate adjustment will be made in 1983.

National Insurance Contributions and the Surcharge

In April 1983 National Insurance contributions of employees will be raised from 8·75 per cent to 9 per cent of relevant earnings and those of employers from 10·2 per cent to 10·45 per cent. Contributions will apply to that part of weekly earnings within the range £32·50-£235 instead of the existing range of £29·50-£220. Similar increases will apply to the self-employed.

At the same time the National Insurance surcharge will be cut from 2·5 per cent to 1·5 per cent. Private sector employers only will be given relief in the current financial year by being allowed to deduct, in the period January to March 1983, 3 per cent from their total National Insurance contributions and surcharge payments for the year 1982-83.

[1] *Autumn Statement 1982*. HMSO, £3·80. ISBN 0 10 201083 8. *Hansard*, Vol 31, No 4, cols 313-15.

Chancellor's Mansion House Speech

The Government's success in reducing the rate of inflation and government borrowing as a proportion of gross domestic product, and in establishing a firm monetary framework, were underlined by the Chancellor of the Exchequer, Sir Geoffrey Howe, in his speech at the Lord Mayor's Banquet for Bankers and Merchants of the City of London at the Mansion House on 21 October. He warned, however, that Britain could not relax its efforts to reduce costs; everyone was concerned at the slow pace of world recovery and the world-wide growth of unemployment. The benefits of lower inflation and lower interest rates had still to appear in Britain and elsewhere. The City of London had a good record in encouraging financial innovation, which could greatly strengthen the market economy and assist beneficial change in commerce and industry. Britain supported the international financial institutions, among them the International Monetary Fund with its indispensable role in promoting and easing the difficult process of adjustment.

Inflation

The Chancellor began his speech by pointing out the harmful consequences of inflation and stressing the Government's commitment to winning the battle against it. 'Inflation is the enemy of social stability . . . . the foe of growth and jobs. Inflation destroys competitiveness . . . . undermines confidence . . . . [and] discourages investors from taking risks. Yet a willingness to take risks is the dynamo of economic prosperity. This Government has always seen success against inflation as a pre-condition for substantial growth in output and employment. Our objective now must be to achieve further progress towards stable prices.' The Government was already meeting with success, with the annual rate of inflation falling from 11·5 per cent to 7·3 per cent over the past year. Further progress was needed, however, and Sir Geoffrey said he expected a rate of 5 per cent by next spring. Even this would be 'a cause for satisfaction, but not for a change of policy. For 5 per cent is still too high, and we must do still better.' Britain was in a period of transition: a whole generation, which had grown used to living with inflation in double figures, would have to undergo a change of instincts, habits and thinking. He warned that not all these changes would take place at an even pace, and that the process of correction would tend, if only for a time, to create new problems.

A change of attitude was nowhere more necessary than in pay bargaining. Expectations of future pay increases had to come down – and by more than the rate of inflation – with settlements in the coming months substantially lower than last year's . 'In the not too distant future the notion of an automatic annual pay increase must become as exceptional as it was novel a generation ago.'

Monetary Policy

The Government, as well as pay bargainers, needed to respond to falling inflation, the Chancellor continued. Its duty was to maintain a prudent monetary strategy supported by determined control over public expenditure and borrowing. Equally important, as success in dealing with inflation was achieved, the Government would have to pursue vigorously measures to improve the supply side of the economy by removing unnecessary controls, improving incentives and changing the balance of power in the labour market.

The Government's monetary policy was characterised, as it had been in 1981, as one of 'steady though not excessive downward pressure on the monetary variables over a period of years, making due allowance for events in the world beyond our shores'. The strategy remained intact despite changes in the details of its implementation and this was accepted by the financial markets: 'Nobody believes we would countenance the kind of monetary conditions which would lead to a resurgence of inflation. Nor shall we.'

Although, Sir Geoffrey admitted, judgments about monetary conditions were difficult, in Britain as well as overseas, the general counter-inflationary stance of policy was not in doubt. In Britain since 1980 this policy had been set out in the medium-term financial strategy (see p 113, 1980) and placed in the context of a supporting and consistent path for borrowing. 'That disciplinary framework has, I believe, been a key to success.' Although the monetary targets had, rightly, been adjusted from year to year, as had the projections for public borrowing, the overall sense of direction and the consistency of policy had been maintained.

Speaking at the mid-point in the financial year, the Chancellor found the picture mixed. While there were grounds for satisfaction regarding monetary and fiscal policy, expecially the success against inflation, there had been in 1982, both in Britain and abroad, a pause in the recovery of output. The effects of high world interest rates in 1981 had proved greater than expected, while Britain's share of world markets had been disappointing. This had led to a 'continuing, and tragic, growth in the numbers of our people out of work', with the same picture being repeated throughout the world.

Sir Geoffrey went on to say that government borrowing as a proportion of gross domestic product had been reduced significantly, with Britain's Budget deficit now one of the lowest in the world. The 1982-83 public sector borrowing requirement might be somewhat below the estimates made at the time of the Budget (see p 117) while the monetary indicators, though rising, were within the target range. The exchange rate was strong and interest rates were falling, with short-term rates down by 7 per cent and long-term rates down by 6 per cent over the past year. Progress in reducing both interest rates and inflation was far better than many had thought possible.

Everyone was concerned at the slow pace of world recovery and the world-wide growth of

unemployment. There had not yet been time for the benefits of lower inflation and lower interest rates to appear in Britain or elsewhere, especially in the United States. They would eventually come through but, in the meantime, the common task of countries had to be to improve the structure and efficiency of their economies.

It was the profound belief of the Government that the key to sustainable economic growth was a willingness to accept change. While the importance of encouraging innovation was often stated, it was recognised in practice less often. However, the record of the City of London in this respect was good. The right kind of financial innovation, Sir Geoffrey pointed out, could greatly strengthen the market economy and assist beneficial change in commerce and industry.

He believed that the fall in long-term interest rates was not only the result of responsible monetary and fiscal policies but had been assisted by the greater diversity of debt instruments which the authorities had introduced over the previous two years. The issue of indexed government stock (see p 97, 1981) and of the new National Savings Income Bond (see p 275), for example, had allowed the Government to be more sparing in its use of conventional long-term stock.

Company Finance

The fall in long-term interest rates had shown that the market for company debt was very much alive. 'This is welcome, not just for its monetary effect but because of the way it should help to strengthen company balance-sheets over the longer term.' Issues so far had been in conventional fixed-interest form but the next question was the extent to which companies would issue debt in less conventional forms such as zero coupon stock (for which the return to the investor is in the form of capital gain rather than interest).

The Chancellor went on to say that some 150 companies had taken advantage of the provisions allowing them to buy their own shares (see p 119). He also pointed out that the indexation of capital gains tax had remedied 'a glaring and long-standing injustice' by increasing the relative attractiveness of investment in equities as opposed to interest-yielding assets.

The Government had introduced almost 100 measures to encourage small firms; the business start-up scheme (see p 103, 1981), for example, had achieved 'some notable successes'. Sir Geoffrey was 'confident that the City institutions will continue to play their full part in assisting and encouraging the forces of innovation in the British economy. The help they are giving to established firms in today's difficulties is well known. Their role in helping new ideas and new firms towards take-off is every bit as important.'

International Considerations

The pace of recovery in Britain could not be set by Britain alone; the problems of the British economy had to be seen in a world context. The Chancellor assured his audience that the Government's determination to conquer inflation, to cut the Budget deficit, to encourage moderate pay increases (especially in the public sector) and to reduce costs was reproduced in the great majority of other industrial countries.

Britain was living through a period of transition internationally as well as nationally. An open economy such as the British could not 'contract out of this transition. Any attempt to turn Britain into a closed economy would spell disaster, a disaster we should not even contemplate.'

Britain had earned respect in the international community for reducing inflation and public borrowing, for establishing a firm monetary framework and for achieving dramatic improvements in productivity. 'But', Sir Geoffrey warned, 'in a highly competitive world we cannot let up on the reduction of costs.' Over the last decade there had been a slowing in the growth of world markets and a decline in Britain's share. The British proportion of manufacturing exports had fallen in the last decade from just over 10 per cent to 8 per cent. During 1981, however, productivity had improved by 12 per cent, with Britain recovering about one-third of the competitiveness lost since 1975. But in 1982 other countries had been matching Britain's performance, which was why Britain had to moderate pay settlements further and to go on improving productivity. 'There are no prizes for doing better if others are doing better still.'

The annual meeting of the International Monetary Fund (IMF) in Toronto in September (see pp 289-91) had been understandably preoccupied with the international implications for policy of the current period of transition. At that meeting, the Chancellor said, he had been particularly concerned to stress the need for the major economies to recognise their special responsibility for the monetary system of the free world. That responsibility was not only to each other but also to the rest of the world, especially the non-oil developing countries, which had been hit by a fall in commodity prices and, therefore, in export earnings, and by high real interest rates, with problems of debt servicing. 'Their concerns must be our concerns as well.'

Sir Geoffrey reaffirmed support for the international financial institutions. Among them 'the IMF has an indispensable role to play in promoting and easing the difficult process of adjustment. In banking and bank lending, patience and prudence are both equally necessary if we are to correct the over-exuberance of recent years.'

On the subject of bank lending the Chancellor made three points. First, countries with excessive debts had to accept that rescheduling of debt repayment could be effective only if accompanied by the right adjustment policies. Secondly, banks had to accept that the cautious assessment of individual risks and adequate supervision were essential components of a stable system. Thirdly, banking authorities had to review their systems of surveillance in the light of experience and remedy those gaps between national systems of supervision that had been revealed by recent events. 'If we hold to these three precepts we shall not go far wrong.'

The Chancellor expressed the hope that before very long further steps would be taken to resolve and strengthen confidence in the international

system. One of these had to be an increase in the resources available to the World Bank and the IMF in order to assist countries undergoing the difficult process of adjustment. He was therefore encouraged by the agreement in Toronto to accelerate the decisions needed to increase quotas in the IMF (see p 291). More also had to be done to avoid or remedy developments, including competitive devaluations and outbreaks of protectionism, that weakened confidence.

Conclusion

In his conclusion Sir Geoffrey was anxious to dispel the mood of economic pessimism which he detected at home and abroad. There were those who questioned whether there could ever be a return to prosperity or a reduction in unemployment. He himself, however, saw the problems as 'those of change, not of decay'. Transition was painful and the pace of recovery slow, but the rate of inflation had fallen and the Government intended to keep it falling. 'Transition cannot be painless. But we have constructed the right framework for sustainable recovery at home. And we are actively contributing to the strengthening of the international framework, too.' The Government would continue to maintain steady economic policies and help to create the conditions for incentive and recovery. The Chancellor knew that, for its part, the City would 'maintain a similar approach, seeking to ease transition and foster change'. He was certain that the right policies were being pursued, and his faith in the financial institutions gave him 'confidence that we shall, in due time, see the public purse . . . not only repaired from the ravages of inflation, but fully restored to health'.

British Construction Overseas

British firms associated with the construction industry earned an estimated £3,500 million overseas in 1981-82. Building and civil engineering contractors earned £290 million (including £70 million remitted by overseas subsidiaries), while consulting engineers earned £520 million and architects and surveyors £90 million. Process engineering contractors specialising in plant installation contributed £300 million and the balance comprises £2,300 million worth of exports of building materials and construction plant and machinery.

BUILDING AND CIVIL ENGINEERING

Despite worsening conditions in the world economy British building and civil engineering contractors obtained new orders estimated at £1,870 million in 1981-82 (see table), according to a survey carried out by the Department of the Environment. This was an increase on the previous year of more than one-third at current prices and, owing to the recession, was the first increase in new orders since 1978-79. Although the value of work done rose, from £1,271 million in 1980-81 to £1,478 million in 1981-82, this was still lower than the level of 1978-79, owing to the fall in orders between 1979 and 1981. Work in hand at March 1982 was valued at £2,026 million, an increase of over £400 million on the previous year.

The Middle East in Asia continued to be the main market for British contractors, the £521 million worth of work done there representing about 35 per cent of the total for all countries. The United Arab Emirates accounted for £193 million and Saudi Arabia for £139 million of this work. New orders won in the region improved considerably from £359 million in 1980-81 to £607 million in 1981-82, the countries placing the highest total orders being Saudi Arabia (£203 million), the United Arab Emirates (£149 million), Iraq (£98 million) and Oman (£84 million).

New orders in the rest of Asia more than doubled, from £132 million in 1980-81 to £276 million in 1981-82, mainly because of new business in Hong Kong. In Africa, increases in new orders were recorded in Malawi, Botswana, Ivory Coast, Ghana, Zimbabwe and Benin. In Oceania, Australia continued to be the largest source of new contracts, worth £125 million in 1981-82. Substantial growth in new orders took place in the Americas, where the value of new business rose to £434 million from £236 million in the previous year, the United States accounting for £325 million and Trinidad and Tobago for £66 million.

As in previous years the major contracts were won by the largest British firms, which have well-established interests overseas. The top 20 firms won new contracts worth over £1,700 million (out of the total of £1,870 million), the top five alone accounting for nearly £1,300 million.

Details of a number of major contracts are described below. They are taken from an article contributed by the Department of the Environment in *British business* for 15 October.

The Middle East

Kier International, a French Kier Group member, won a large contract worth £117 million to build the Baghdad-Abu Gharib road in Iraq. The project is to be carried out jointly with an Iraqi and a Danish firm and will provide a 23-km (14-mile) network of urban motorway. The scheme includes over 6,000 m of reinforced-concrete box-girder bridge structures with precast concrete foundations and will require some 133,000 cubic m (4·7 million cubic ft) of structural concrete.

A project completed in Jordan in the year 1981-82 by Wimpey International, and worth £65 million, provided a solar evaporation system for the Arab Potash Company. George Wimpey International began work on another Jordanian project, worth £27 million, in January 1982. It will be a sea-terminal, comprising roll-on/roll-off berths, at Aqaba.

Wimpey Mechanical, Electrical and Chemical won an order worth about £60 million for the provision of facilities for sulphur handling and processing (including ship-loading facilities) in the eastern province of Saudi Arabia.

Construction Work Overseas
Years ended 31 March

£ million

Area	Value of contracts obtained		Value of work done		Value of work outstanding	
	1980-81	1981-82*	1980-81	1981-82*	1980-81	1981-82*
European Community	39	16	37	38	27	21
Rest of Europe	81	15	105	17	135	18
Middle East in Asia	359	607	467	521	457	588
Middle East in Africa	54	25	66	50	123	49
Rest of Asia	132	276	96	97	173	318
Rest of Africa	353	354	200	304	328	456
The Americas	236	434	204	339	228	374
Oceania	112	143	96	112	136	202
All countries	1,366	1,870	1,271	1,478	1,607	2,026

*Provisional.

In Bahrain, Marryat Jackson Norris has completed the installation of a highly sophisticated fire protection system for two buildings (constructed by Cable and Wireless) forming part of a telecommunications project in Manama. The nature of the equipment led to the choice of a halon gas fire extinguishing system which is the second largest of its kind in the world. The gas is contained in small pressure vessels in false ceilings, floors and cupboards, and is released when smoke detectors in the buildings are activated. The system is monitored using a computer and a visual display unit.

Africa

The Water Corporation of Ogo State, Nigeria, has awarded a contract worth £100 million to Costain (West Africa) and Costain International. The contract, one of the largest of its type to be awarded in West Africa, is for the construction of a dam, water treatment works, pumping station, 59 reservoirs and 850 km (530 miles) of pipeline. The purpose of the project is to provide top-quality water supplies and irrigation networks all over Nigeria. The impounding reservoir formed by the dam will hold approximately 94 million cubic m (3,300 million cubic ft) of water. Costain International is responsible for an offshore part of the supply works.

Taysec Construction of Accra, part of the Taylor Woodrow Group, won a five-year contract worth £53 million for road-surfacing from the Ghana Highway Authority. This will involve laying some 500,000 tonnes of asphaltic concrete surfacing in various parts of the country.

Major projects completed in Nigeria recently by George Wimpey and Co (Nigeria) include the Oyan river dam (worth £60 million) and the Ayekuta training centre (£40 million).

Rest of the World

A joint venture in the United States between subsidiaries of the Costain Group and J. A. Jones Construction Co was agreed in 1981-82. The contract is for the mining and delivery of 2·5 million tonnes of lignite annually to fuel the 640-MW Dolet Hills power station plant, near Mansfield, Louisiana, scheduled to begin operation in 1986. Mining is expected to begin in 1985. The mined land will be reclaimed in accordance with state and federal guidelines as the lignite is extracted.

Wimpey Canada projects include a £9 million contract for a waste water treatment plant in Grande Prairie, Alberta, including the construction of administration buildings and the supply and installation of all the mechanical, process, electrical and instrumentation equipment; and an allied contract to provide roadworks and underground services for a residential area.

In Trinidad and Tobago, Wimpey has been building schools for some 16 years and last year won another contract (worth £6·5 million) to build a school for 1,440 pupils at Laventille. In the same country, Kier International has won a £5·5 million contract for a commercial centre, comprising a two-storey, covered shopping centre of 15,000 sq m (160,000 sq ft) together with a car-park.

In Sri Lanka, work is in progress on a £6·7 million contract awarded to Costain International for the construction of a power station at the Victoria Falls site. This forms part of a much larger plan to develop the Mahaweli river basin, which includes an irrigation scheme as well as the doubling of Sri Lanka's hydroelectric power capacity. The bulk of the larger contract was awarded jointly to Balfour Beatty Construction and Edmund Nuttall. (Britain has committed £100 million in official aid to the Mahaweli irrigation and power project – see p 359, 1980.)

In Pakistan, Cementation International has been working on a £40 million contract for the Aga Khan hospital and medical college in Karachi, while, in Fiji, Kier International has been awarded a £13·4 million contract, jointly with Downer and

Company of New Zealand, for the Monasavu power project.

In Europe, Portugal and Spain have provided a number of new contracts for British firms and their overseas associates. Portuguese associates of Sir Alfred McAlpine, for example, have won a £2·9 million contract to build the Beliche dam in the Algarve, and others to improve and re-surface roads. In Spain, Laing SA Madrid has won two £2 million contracts – one for renewal work at Barajas airport, and another for a new office building for a pensions and savings bank in Madrid.

THE CONSULTING PROFESSIONS

Despite strong competition British architects, consulting engineers and surveyors continued to win orders in many parts of the world, and several firms of consulting engineers won Queen's awards for export achievement (see p 164). The three professional organisations concerned reported on British consultancy work overseas in *British business* for 20 August. The examples given below are necessarily highly selective.

Consulting Engineers

Members of Britain's Association of Consulting Engineers were involved in the design and supervision of overseas projects worth nearly £47,000 million during 1981 and provided a net contribution to invisible earnings of more than £450 million. During the year there was a notable increase in new commissions for large-scale engineering designs, particularly for railways and water projects. Some firms, often working within consortia, are achieving considerable success in the developing field of mass transit.

British consultants have taken a major role in the Hong Kong Mass Transit Railway since its early days, and Kennedy and Donkin has now been retained to provide electrical and mechanical consultancy services for a 12·5-km (8-mile) extension line, while Charles Haswell and Partners have been engaged for the extensive tunnelling involved.

The Iraqi Government has awarded a large contract to the British Metro Consultants Group, to design, implement and put into service the first stage of the Baghdad Metro. The railway will have a total length of 32 km (20 miles) and should be in operation within nine years. The members of the consultancy group are W. S. Atkins and Partners, Design Research Unit, Freeman, Fox and Partners, the Henderson Busby Partnership, Kennedy and Donkin, Merz and McLennan, Halcrow Fox Associates, Charles Haswell and Partners and Rendel, Palmer and Tritton.

A third recent project in this category is a light railway system for the city of Valencia in Venezuela, in which Kennedy and Donkin International is leading a small group of British consultants. Other railway projects in which British consultants are concerned are in Australia, Belgium, Colombia, Libya, New Zealand, Nigeria, Saudi Arabia, Singapore and Swaziland.

The United Nations' designation of 1981 as the first year of a 'Water Decade' (see pp 360-1, 1980) is leading to the commissioning of a growing number of projects as the importance of fresh water supplies and adequate drainage are recognised. The value of new commissions for water projects in 1981 was twice that of the preceding year.

Binnie and Partners are leading two separate teams of consultants on water projects in different parts of the world. Earlier in 1982 the Government of Peru appointed the firm to lead a multi-national team to design a water transfer scheme across the Andes. The scheme, which will be built in a seismic area at altitudes between 3,500 m (11,500 ft) and 5,000 m (16,400 ft) above sea level, will include the construction of two very large pumping stations and 35 km (22 miles) of pipelines and canals, and enlargements of a sizeable natural lake and of the existing trans-Andean tunnel. Kennedy and Donkin and the Department of Industry's National Engineering Laboratory will also participate in the project.

The Government of Pakistan and the World Bank have also appointed Binnie and Partners to lead a multi-national joint venture to design the £1,000 million Kalabagh hydroelectric project. This scheme, which is being planned to meet the growing need for power in the Indus valley, will include the construction of a major dam 4,000 m (13,100 ft) long and 80 m (260 ft) high impounding a reservoir 150 km (93 miles) long.

Architects

Members of the Royal Institute of British Architects are engaged in projects all around the world.

The Covell Matthews Partnership has won two major commissions in the Middle East. Following its success in an international competition the partnership is to design and construct a 276-m-high tower with ancillary buildings in Abu Dhabi. The tower will be built offshore on a man-made island and serve as both a telecommunications and tourism centre. As well as broadcasting and telecommunications facilities, there will be conference and lecture rooms, a cinema, and exhibition, art gallery and museum areas. In Jedda, Saudi Arabia, work has started on the partnership's design for a new headquarters building for the Ministry of Petroleum and Mineral Resources. A mosque and ancillary buildings are also part of the design.

Another project in Jedda is a design by Cusdin, Burden and Howitt, who are working with International Hospitals Group for the Saudi National Guard on a large extension to Medical City, a battalion medical centre, a rehabilitation unit and a series of regional staff training centres.

After winning first prize in a competition, Darbourne and Darke was appointed to redevelop a semi-rural zone in Bolzano, Italy, in a scheme consisting of 400 dwellings, shops, restaurants, cafés and two schools.

The Hong Kong and Shanghai Banking Corporation has appointed Foster Associates to design its new 42-storey headquarters building, which will have about 71,500 sq m (770,000 sq ft) of usable office and banking space and is expected to be ready in mid-1985.

Jaques Muir and Johnson has completed the reconstruction of the dome of the Church of the Holy Sepulchre in Jerusalem. The dome had suffered damage from occasional earthquake tremors, fire and wear and tear. It was requested that the structure both internally and externally should not have a 'machine-made' appearance and should be in keeping with the twelfth-century building. This was achieved by the British contractors, T. R. Freeman, through the use of hand-finished lead on the outside and natural lime mortar plaster on the inside of the dome.

In Luxembourg, Denys Lasdun Redhouse and Softley designed and built the European Investment Bank building, which houses two conference rooms, a library, a lecture room, offices for 800 people, a restaurant, a swimming pool, a gymnasium and squash courts. The thermal inertia and shade provided by the building are used to conserve energy.

The Llewelyn-Davies Weeks practice won an international competition for the design of the Alexander S. Onassis Cardiac Centre in Athens. It will be one of four single-organ hospitals in the world specialising in cardiac surgery and research, and, with 110 beds and three major operating theatres, will serve the whole of Greece and take patients from overseas.

Sheppard Robson has been appointed to carry out two major projects in the centre of Baghdad, in Iraq. Design work has started on a £36 million project for a group of buildings with a total floor area of 58,000 sq m (624,000 sq ft), which will provide shopping facilities, a cinema, cafés and restaurants at the lower levels, with residential and office accommodation above. The second project involves the preparation of a master plan for the redevelopment of an under-used site of 40 hectares (100 acres) near the pilgrimage mosque of Kadhimain, one of the most important shrines in the Islamic world. The development includes housing, schools, sports facilities, public areas, building for commerce and light industry and a major educational centre.

In Poland, the Szmigielski Katten Partnership has been involved in three major projects: the Orbis hotels in Gdynia and Gdansk and the Lot complex in Warsaw. The latter, a joint venture with Raglan Squire and Partners, includes a city air terminal for Lot Polish Airlines and a 42-storey office tower.

Norman and Dawbarn has completed designs for a referral hospital in Mbeya, Tanzania, and the town terminal for Air Tanzania Corporation in Dar-es-Salaam, while in Ethiopia the practice has designed the International Livestock Centre for Africa and a complex of buildings for the University of Addis Ababa. Construction has started on a new library for the Central American Tropical Agricultural Research Institute in Costa Rica.

Surveyors

Members of the Royal Institution of Chartered Surveyors increased their foreign currency earnings by 20 per cent in 1981.

The Government of Indonesia awarded a £1·6 million contract to a British survey company to carry out multi-disciplinary studies as part of Indonesia's transmigration programme, which aims to achieve a balanced level of population, agricultural resources and associated infrastructure throughout the country. Other contracts won by British firms in Indonesia have included surveys for new towns and the supervision of fieldwork and mapping.

Offshore work in the Middle East has been substantial. It includes hydrographic and geophysical surveys for development work in three major Aramco fields off Saudi Arabia; seabed surveys for the Abu Dhabi Company for onshore oil operations; a survey of sub-sea pipelines for the Qatar Petroleum Producing Authority; and oilfield-related hydrographic, shallow seismic and pipeline route surveys in Aramco concessions in the Gulf. Oil exploitation and exploitation surveys have also been carried out in Nigeria, together with other survey activity.

Elsewhere in Africa, British firms have been commissioned to undertake resources mapping of the Lamu region of Kenya; survey control for a major dam project in Mauritania; the monitoring of harbour erosion and accretion at Kamsar in Guinea; a survey for an irrigation project in Mozambique; a survey for a sugar project in Ethiopia; and a survey for dredging work to ease navigation on a 1,400-km (870-mile) stretch of the White Nile in Sudan.

The upsurge in construction activity in Iraq has also provided opportunities for quantity surveyors. Two major undertakings in which British firms are involved are a £1,000 million housing scheme and a £700 million water supply project.

As well as the continuing opportunities afforded for quantity surveyors in the oil and gas fields of the United Arab Emirates, markets are opening up in other countries where oil platform modules are constructed, such as France and Japan. The first British-staffed quantity surveyors' practice was established in Japan in 1981, and is working on commissions for oil and gas projects in the United Arab Emirates and Australia.

Cost engineering services have been provided in Spain on prefabricated dwelling modules, while, in Portugal, chartered quantity surveyors are the cost advisors for a £200 million factory investment programme. Quantity surveying and project management services have been provided on a variety of projects in France, including office, warehouse and apartment developments. In the European leisure market, quantity surveying has been done for a holiday village in Greece and on a mountain resort hotel in Bulgaria, a new market for British surveyors.

Central and South American commissions include appointments as project managers and financial controllers for a series of development projects in Mexico and, together with other firms, for a £200 million hydroelectric project in Colombia.

British firms have continued to provide cost estimating, project management and associated services throughout North America, where there has also been considerable British involvement in the property market. Chartered surveyors were commissioned to purchase, for a British pension fund and an American company, the 36-storey

Amoco Tower in Denver, Colorado, to let a 186,000 sq m (2 million sq ft) office development in Los Angeles, California, to advise on the funding of a major office development in the Boston area, Massachusetts, and to value a large group of properties occupied as laundries in various states.

There has also been growing demand for valuations from property owners in Saudi Arabia and the United Arab Emirates, from accountants carrying out company audits and from banks with loans outstanding against property development.

Lorries and the Environment

A series of measures to place more effective controls on heavy lorry traffic has been announced by the Government. They include regulations to make lorries safer and quieter while increasing the maximum permitted weight of articulated lorries from 32·5 to 38 tonnes, special assistance for areas most severely affected by lorries, more new roads and by-passes, and higher grants to encourage the carriage of freight by rail and by inland waterway.

Details of the Government's decision were announced by the Secretary of State for Transport, Mr David Howell, in the House of Commons on 4 November (*Hansard*, Vol 31, No 2, written answers, cols 4-6). The measures broadly follow those proposed in the White Paper published in December 1981 (see pp 25-7). Mr Howell said that for the first time 'a comprehensive package of measures to place more effective controls on heavy lorry traffic throughout the country and to make lorries less objectionable to people and less damaging to the environment' had been developed. While no larger lorries would be permitted on the roads, heavier loads would be permitted so as to obtain 'full economic benefits, to create jobs but also to keep lorry journeys to a minimum'. The maximum permitted weight of articulated lorries would therefore be set at 38 tonnes, subject to their having five axles, but there would be no other increase in lorry weights. Regulations on lorry safety, dimensions and weights would be laid before Parliament very shortly and similar statutory rules would also be laid by the Secretary of State for Northern Ireland to apply these provisions there.

Lorry Weights

In the light of consultations on the proposals on lorry weights in the White Paper, the Government has made important changes designed to ensure in particular that there will be substantial reductions in road damage while retaining the major part of the economic and environmental benefits from heavier and fewer lorries. The White Paper proposed a limit of 40 tonnes for five-axle lorries and drawbar trailer combinations and 34 tonnes for four-axle articulated lorries, but the regulations will allow an increase only for five-axle vehicles to 38 tonnes and will not increase the other weight limits. It is estimated that with these changes industry will be able to reduce the number of heavy articulated lorries needed to carry present freight traffic by some 10 per cent.

Lorry Dimensions, Safety and Noise

Strict size limits will be imposed on 38-tonne lorries to ensure that heavier lorries will not mean bigger lorries. For the first time there will be a limit on the length of new articulated lorry trailers (12·2 m – 40 ft) and a height limit of 4·2 m (13 ft), while the existing width limit (2·5 m – 8 ft) will not be increased. To protect the most vulnerable road users (pedestrians and cyclists), the Government will require the fitting of sideguards to all new goods vehicles of 3·5 tonnes or more unladen weight and to existing articulated lorries (with five axles) as a condition of operating above the present weight limit. Various other safety measures are planned, for example, rear under-run protection, intended to withstand the impact of smaller vehicles (such as private cars) in a rear-end collision, will be a required fitting for new trailers manufactured after 1 May 1983 and for other new goods vehicles built after 1 October 1983. Measures are also being taken to improve enforcement of safety and loading standards.

The Government is determined to bring about a progressive reduction in lorry noise, one of the main sources of public complaint about heavy lorries. From April 1983 the maximum noise limit for the heaviest new lorries will be reduced from 92 to 88 decibels, while the Government aims to reduce perceived noise from new heavy lorries to less than half the 1981 level as quickly as practicable, so that new heavy lorries will eventually be no noisier than most 1981 new-model cars. Collaborative projects with industry will start early in 1983 to ensure that British manufacturers will be in a position to meet these requirements.

Road Construction

Higher priority is being given to by-passes, which will bring substantial relief from through lorry traffic to many areas. Some 220 towns and villages in England will benefit from the construction of by-passes within the next four or five years.

Lorry Routes and Lorry Action Areas

Under existing powers some 850 lorry control schemes are in force and the Government intends that more vigorous action will be taken to ensure that lorries do not use unsuitable routes where better ones are available. The Government accepts a recommendation contained in the Armitage report (see pp 18-19, 1981) that local authorities should have additional powers and financial assistance to reduce the adverse effects of heavy lorries in especially difficult areas where re-routeing lorry traffic is not feasible.

Taxation

The Government's policy is that the tax paid on each class of lorry must at least cover its allocated road track costs. Whereas taxation on the lightest lorries more than covered their road track costs,

the very heaviest lorries used to fall short of meeting their full costs. However, a new method of tax assessment introduced on 1 October, under which the basis of assessment of vehicle excise duty on heavy lorries has been altered from unladen weight to gross weight and the number of axles can be taken into account, will enable a much closer match to be achieved.

Freight by Rail and Inland Waterway

The Armitage report supported the use of grants for private rail-freight facilities under the Railways Act 1974 to encourage consigners of freight to use the railways where this brings significant environmental benefits. Since 1975, 118 schemes have been approved for grants totalling £36·5 million. The Government accepts two proposals contained in the Armitage report for making grants more effective. It is raising the maximum rate of grant from 50 per cent to 60 per cent (which will also apply to grants for inland waterway facilities) and in future the British Rail subsidiary activities of Sealink (operating shipping services) and Freightliner (operating road/rail container services) will be eligible to apply for grants.

Industry Act Report

Details of the main schemes of aid to industry in 1981-82 provided directly by the Department of Industry and the Scottish and Welsh Offices are contained in the annual report on the Industry Act 1972 (see pp 267-8, 1972).[1]

Aid under the Act is provided under four main headings: regional development grants; regional selective assistance; national selective assistance (mainly comprising general schemes and sectoral schemes); and assistance for the shipbuilding and offshore supplies industries. Between 1972 and 31 March 1982 cumulative payments under the first three of these headings amounted to £4,183 million. Regional development grants were responsible for the bulk of this, with a cumulative total of £3,309 million, while regional selective assistance accounted for £535 million (excluding repayments and interest on loans).

Regional Aid

The regional schemes provide for assistance to industry in those parts of Great Britain which have the highest levels of unemployment and where the economic structure is weakest. The 'assisted areas', as they are known, are mainly in Scotland, Wales and northern and south-western England, and are subdivided into special development areas (in which assistance is judged to be most necessary), development areas and intermediate areas. The boundaries of these areas have been redefined in recent years (see pp 265-7, 1979, and p 251).

[1] *Industry Act 1972.* Annual Report by the Secretaries of State for Industry, Scotland and Wales for the year ended 31 March 1982. HMSO, £8·10. ISBN 0 10 250382 6.

Regional development grants are primarily made towards capital expenditure incurred in providing new buildings and works – and on adaptations to buildings – on manufacturing premises in special development areas and development areas. Payments of grant amounted to £617 million in the year to 31 March 1982.

Regional selective assistance is provided to encourage sound projects which will improve employment opportunities in the assisted areas. They may be new projects creating employment or projects for modernisation or rationalisation which maintain or safeguard existing employment. The assistance is only provided if it is considered that without it a project would not take place or would not make such a significant contribution to an assisted area. It is also the case that the greater part of the costs of the project must be met from sources outside the public sector. Manufacturing, mining and construction projects are eligible, together with service industry projects which are mobile and have a genuine choice of location. Offers of regional selective assistance totalled £101 million in 1981-82. Some £8·6 million of this was accounted for by the in-plant training scheme, which was reviewed and broadened in late 1981. The scheme now covers 40 per cent of training costs directly associated with an eligible project in manufacturing or service industries in the assisted areas and attracts a matching 40 per cent grant from the European Social Fund. About half the total of regional selective assistance offered in 1981-82 was accounted for by overseas companies, mainly from the United States.

National Schemes of Aid

General schemes of national selective assistance include an accelerated projects scheme (under which cumulative payments to 1982 amount to £64 million), a selective investment scheme (£70 million) and an energy conservation scheme (£18 million). Assistance is also available under general powers for major viable projects in manufacturing which are in the national interest and can show a contribution to Britain's net output or introduce a significant degree of innovation. A new general scheme of national selective assistance, the small firms loan guarantee scheme, was introduced in June 1981 (see pp 103 and 115, 1981) and has attracted a strong response, leading to a doubling of the funds allocated for it to £300 million. By 31 March 1982 some 3,350 guarantees had been issued.

Sectoral schemes of national selective assistance which remain open are the microelectronics industry support scheme (see pp 304-5, 1978, and p 388, 1979) with an allocation of £55 million, of which £44 million has been offered towards projects; a coal-firing scheme which opened in May 1981 but was revised earlier this year (see p 133) following an initial low response; a private sector steel scheme introduced at the end of 1981 (see pp 28-9); and a small engineering firms investment scheme, which came into operation in March of this year (see p 132), and to which the response was so overwhelming that

no further applications were accepted after 28 May.

Overseas companies received offers of national selective assistance totalling £21 million in 1981-82, representing about 60 per cent of the value of all offers made.

Related Legislation

The Industry Act report also provides details of expenditures under the Local Employment Act 1972 relating to the building of industrial estates and factories and the clearance of derelict land in England; and to improvements in basic services (such as roads and sewerage) in Great Britain. The English Industrial Estates Corporation concentrated much of its activity in 1981-82 on factories suitable for small and start-up businesses. To a significant extent the building has been financed in partnership with the private sector (see p 189, 1980). In the year to 31 March 1982 some 150 units with 29,300 sq m (315,000 sq ft) of floorspace were completed.

[The Industrial Development Act 1982 (see p 344), which received Royal Assent on 28 October, consolidates the main provisions of the Industry Act 1972 relating to regional and national assistance, the Local Employment Act 1972, section 18 of the Industry Act 1980, relating to the provision of advice for businesses, and section 6 of the Industry Act 1981 (see p 18, 1981).]

Shorter Notes

NEW RAIL LINK FOR LONDON'S DOCKLANDS

Government approval for a new light railway for London's Docklands was announced on 7 October by the Secretary of State for the Environment, Mr Michael Heseltine, and the Secretary of State for Transport, Mr David Howell. The £65 million scheme will link the Isle of Dogs with the City of London (Tower Hill) and Mile End. Subject to parliamentary approval, work could start early in 1984 and be completed by 1987. Some 6·5 miles (10 km) of the 7 miles (11 km) of route will be on segregated track formerly used by British Rail and the other section will run along a public highway. It is envisaged that electric traction will be used, although the type of train – which may be similar to that used on the Tyne and Wear Metro (see p 372, 1981) or to articulated trams used in a number of European cities – and the degree of automation to be employed have not been finally agreed.

Mr Heseltine said that the scheme would provide 'a major stimulus to the regeneration of London's Docklands by making the area a better place in which to live and work' and would 'make Docklands a much more attractive prospect for investment by employers and developers'. It would 'build on the good work already done by the London Docklands Development Corporation in reversing the long process of economic decline in this part of Inner London[1] and provide valuable jobs in the construction and transport industries'. He had agreed to make funds available to enable the Corporation to meet 50 per cent of the cost of the scheme. (The other 50 per cent will be financed by the Greater London Council.) Mr Howell said that this new type of railway would particularly suit Docklands' needs. It would be quicker to build than a conventional rail link, cost less to construct and be cheaper to run.

Source: Department of the Environment and Department of Transport press notice, 7.10.82.

INFORMATION TECHNOLOGY CENTRES

The Government is to increase the planned number of information technology centres (see p 27) from 100 to 150, due to the success of its existing centres, of which 27 are already in operation. The centres train young people in basic information handling and electronics skills.

Announcing the increase, in the House of Commons on 25 October, the Minister for Industry and Information Technology, Mr Kenneth Baker, said he had been delighted by the response from potential sponsors, who saw the centres as one of the most successful schemes the Government had introduced for the post-school training of unemployed youngsters.

Source: *Hansard*, Vol 29, No 171, cols 718-19.

BRITOIL

On 1 November shares in Britoil, the oil-producing business of the British National Oil Corporation (BNOC) (see p 296), were transferred from the Corporation to the Government.

Announcing the transfer in the House of Commons on 27 October, the Secretary of State for Energy, Mr Nigel Lawson, said that the way would thus be clear for an underwritten offer for sale of 51 per cent of the shares in the company. Subject to market conditions, he intended the flotation to take place in November 1982.

The choice between a conventional fixed price and a tender had to be made nearer the time, Mr Lawson said. If the sale were to be by tender, consideration would be given to the inclusion of special arrangements for small investors to buy shares at the striking price without having to bid a specific price in advance. In either case, payment for the shares would be in two instalments, spread over a period of several months. The offer would also include special arrangements to encourage small investors not only to participate but also to

[1]The Corporation is one of two urban development corporations set up by the Government to help to tackle urban decline over a large area, the other being on Merseyside. For more detailed information see COI reference paper *Britain's Enterprise Zones and Urban Development Corporations*, No 140/82.

retain a long-term interest in the company. Finally, arrangements would be made to encourage Britoil's own employees to take a stake in their company. BNOC employees, too, would enjoy the right to make preferential applications for Britoil shares.[1]

The privatisation of Britoil would in no way affect the system of participation agreements between the company and BNOC (see pp 197 and 273, 1977) which would remain in place, under 100 per cent government control, as a means of safeguarding Britain's national security of supply. 'But what it will do is enable the people of Britain to take a direct personal stake in the North Sea. It will create an independent British oil company free to seize the opportunities open to it. And it will substantially reduce the size of the public sector in an area where state ownership has no rational justification whatsoever', Mr Lawson concluded.

The Opposition spokesman on energy policy, Mr Merlyn Rees, claimed that accountability to Parliament under the Oil and Gas (Enterprise) Act, under which the sale of shares would be undertaken (see also pp 46-7), was minimal as the House of Commons Public Accounts Committee could not look at what the Secretary of State proposed to do until afterwards. The Committee would eventually have to investigate, on behalf of the House, how far the Secretary of State had met his criterion of selling only when the conditions were right.

Source: *Hansard*, Vol 29, No 173, cols 1060-9.

TELECOMMUNICATIONS LICENCE

The issue of a general licence by the Secretary of State for Industry permitting a wide variety of commercial services to be run for business and the general public on the telecommunications network was announced on 21 October by Mr John Butcher, Parliamentary Under-Secretary of State, Department of Industry. The licence permits anyone to run an 'applicable system' connected to the telecommunications systems of British Telecom, Mercury Communications Ltd (which has been granted a licence to run an independent telecommunications system for business – see p 86) and the City of Hull (which operates the only public telecommunications service in Britain other than that provided by British Telecom) for the purpose of providing services to third parties, other than the conveyance of telecommunications messages. Examples of services covered by the licence are automatic ticket reservation and issuing, conference calls, customer databases, deferred transmission, secure delivery services, message systems which store and retrieve, telephone answering using voice retrieval systems, text editing, viewdata, and word processor/facsimile interfacing. The licence runs from 1 October 1982 for a minimum period of ten years and a maximum of 25 years, subject to two years' notice of expiry.

Mr Butcher described the issue of the licence as 'a major step forward in the Government's liberalisation of UK telecommunications' which would make Britain 'the most liberal regime in the world for telecommunication services'. It should be of significant benefit to both jobs and exports, and he urged British firms to seize the opportunities provided. Britain had a special talent in software and telecommunications services and he was determined that this talent should be given free expression. 'Today's announcement should enable Britain to take the lead in key developments in the communications explosion.'

Source: Department of Industry press notice, 21.10.82.

[1]On 10 November Mr Lawson announced in the House of Commons (*Hansard*, Vol 31, No 6, col 547) that the sale by tender would apply, and that the shares had been underwritten at a minimum tender price of 215p per share. The application list would open on 19 November and could be closed at any time. Small investors would receive, subject to the conditions set out in the prospectus, one free share for every ten still held in three years' time.

NOBEL PRIZES

Two British scientists, Dr John Vane and Dr Aaron Klug, have been awarded Nobel prizes.

Dr Vane was awarded the 1982 Nobel prize for medicine, jointly with the Swedish scientists Dr Sune Bergström and Dr Bengt Samuelsson – who work at the Karolinska Institute in Stockholm – for clarifying how prostaglandins work in the responses of the human body to illness and stress. Prostaglandins are used to treat circulatory disturbances and peptic ulcers, but can also help to cause menstrual pain and gall and kidney stones as well as to induce asthma. Dr Vane is honoured for making the fundamental discovery that anti-inflammatory compounds such as aspirin act by blocking the formation of prostaglandins (which originate in the seminal vesicles), thus giving the first rational explanation of the basic mode of action of prostaglandins. Dr Vane is director of research at the Wellcome research laboratories at Beckenham, near London.

Dr Klug was awarded the 1982 prize for chemistry for his contributions to understanding of the structure and development of viruses and the mechanisms of protein building in the cell. Among his discoveries were a method of obtaining three-dimensional pictures of nucleic acid and protein molecules, using electron microscopy and his own techniques of structural chemistry; only two-dimensional images had previously been obtainable. He has also investigated the structure of a deoxyribonucleic acid-protein complex called chromatin, with important implications for the understanding of the nature of cancer. Born in Lithuania and educated in South Africa, Dr Klug came to Britain in 1949 and was made a Fellow of the Royal Society in 1969. He is joint head of the structural studies division of the Medical Research Council's molecular biology laboratory at Cambridge.

NATIONAL RESEARCH DEVELOPMENT CORPORATION

Further increases in the activities of the National Research Development Corporation (NRDC) and its continuing profitability are combined with a process of great change for the organisation, says the Chairman, Sir Frederick Wood, in an introduction to the NRDC annual report for 1981-82. The change is the result of the proposed merger of the NRDC with the National Enterprise Board (NEB) to form the British Technology Group (BTG, see pp 238, 1981, and p 252). The priorities for the BTG are to help to develop and exploit the technological output of Britain's universities and other public sector research bodies, and to promote innovation and new technology in industry by investing in private sector companies (with other investors, wherever possible).

Accordingly, the BTG has established a University Co-ordination Department, and organised and sponsored an Academic Enterprise Competition (in which cash prizes are awarded to university researchers whose work provides or could provide the basis for a successful business), and is continuing its programme of university/industry conferences. New divisions have been set up to focus resources on the transfer of public sector research results into industry, while the investment divisions are aiming to act as 'catalytic investors' by making strategic investments in areas where Britain appears to have a potential advantage in terms of research capabilities or expertise.

An important factor in the BTG's future, says Sir Frederick, will be the Government's decision, when it legislates to bring the BTG formally into being, on how far the BTG should inherit the NRDC's rights and obligations relating to inventions from government departments and the research councils (of which there are five – for science and engineering, medicine, agriculture, the natural environment and social science).

The income of the NRDC – which is derived primarily from licencing revenues and levies from joint ventures with industry – was £26·21 million for the year 1981-82, an increase of £4·33 million over the previous year's figure. Despite the unfavourable conditions internationally for trade, the Corporation maintained a high level of activity. Its liquid resources, at £18·59 million, were sufficient to provide assistance and investment without drawing new advances from the Department of Industry.

Licence revenue for the year amounted to £22·12 million, of which £17·91 million was in foreign currencies. At present, the Corporation has a total of 618 licence agreements in force, 115 of these being overseas. Where further development of an NRDC property is required, the Corporation will fund the necessary work either at the source of the invention or in collaboration with a licencee. The number of developments currently being supported in this way has increased to 388, which represent an authorised investment of £23·48 million. The Corporation is still largely dependent on the cephalosporin antibiotics for the high level of income from its licensing activity and, with the expiry of the main patents on these antibiotics, this income will fall substantially over the next two years. Other inventions (such as pyrethroid insecticides) are generating substantial licensing income, but this will take some time to reach the levels of previous years. The number of patents and patent applications assigned to the Corporation during the year was 299 compared with 206 in 1980-81, and the total number held at the end of the year was 6,395, of which 4,712 were overseas.

The Corporation's investment in industrial innovation can be in the form of equity, loan or (more usually) joint venture finance. In a typical joint venture arrangement an agreed proportion of the project expenditure (usually 50 per cent) is contributed in return for a levy on sales of the resulting product or service. The number of ventures with industry now stands at 322, representing a total authorised investment of £47·68 million. Income from levies in 1981-82 rose to £3·6 million from £2·1 million in the previous year. Support for small companies is handled through the Small Companies Innovation Fund, which was set up in 1980-81 (see p 295, 1980). This has so far provided support for 28 companies and continues to attract a great deal of interest.

Source: *National Research Development Corporation. 33rd Annual Report and Accounts 1981-82. (British Technology Group).* Available from the Information Division, British Technology Group, 101 Newington Causeway, London SE1 7BU. £2·75.

SOCIAL AND CULTURAL AFFAIRS

Police Complaints Procedures

New legislative proposals to revise the present system of police complaints procedures in England and Wales have been set out in a White Paper.[1] Among the most important are proposals for an independent assessor to supervise investigation of serious complaints against the police and informal procedures to deal with the less serious complaints.

In December 1981, the House of Commons Select Committee on Home Affairs began an inquiry with the following terms of reference: 'to examine ways of improving the machinery for investigating complaints against the police'. The Committee's report was published in June this year (see p 260). The White Paper is the Government's reply to the report, which it welcomes although it does not accept all the Committee's recommendations. There is a long history of debate on proposals for change in the police complaints system in England and Wales, culminating in the recommendations for change in Lord Scarman's report on the disorders in Brixton last year (see p 374, 1981), and the Committee's report has drawn together and built upon this debate. The White Paper states that the proposal to appoint an independent assessor to supervise investigations of serious complaints does not reflect on the general quality of police investigation, with which the Police Complaints Board has already expressed satisfaction. It is designed to provide further reassurance to the public that, in the small number of cases where serious allegations are made against police officers, everything possible is done to arrive at the truth.

The White Paper notes that the Committee's main recommendations are not directly applicable to the systems in Scotland and Northern Ireland. However, the Government has considered the implications for the Scottish system, and the Secretary of State for Scotland is publishing a consultation note inviting the views of interested bodies. As far as Northern Ireland is concerned, the Secretary of State will be considering, with interested parties, where and how the proposals contained in the White Paper might be introduced.

[1]*Police Complaints Procedures. The Government Reply to the Fourth Report from the Home Affairs Committee, Session 1981-82, HC 98-I.* Cmnd 8681. HMSO, £2·55. ISBN 0 10 186810 3.

The necessary legislation to give effect to the proposals will be brought before Parliament at the earliest opportunity.

The Present System of Police Complaints Procedure

Under existing legislation every complaint by a member of the public against a member of the police force in England and Wales, unless withdrawn or not proceeded with by the complainant, has to be investigated by a senior police officer, who usually reports to the Deputy Chief Constable. Where there is an allegation of criminal conduct a report of the investigation must be sent to the Director of Public Prosecutions, who advises whether the officer should be charged with a criminal offence. After any reference to the Director the report is submitted to the Police Complaints Board for its consideration of the disciplinary aspects.

Government Proposals

Instead of the present uniform arrangements there would be a more flexible three-tier system to operate according to the seriousness of the case. The least serious complaints would be dealt with by an informal procedure including conciliation. More serious complaints would be investigated and independently considered by the Police Complaints Board, although complaints involving crime would no longer be referred automatically to the Director of Public Prosecutions. The most serious complaints would be investigated by a senior police officer normally from an outside force under the supervision of an independent assessor.

The chief officer of police in the case would remain the receiving point for complaints, but the complaint could be lodged either by the complainant or by someone on his behalf; for example, a citizens advice bureau or community relations officer. Informal resolution would not be an option where there were allegations of a criminal offence or of an offence against the Police Discipline Code.

Informal Resolution

In the less serious cases, the complainant would be seen by an officer not below the rank of Inspector who would explain that the matter could be dealt with, according to the complainant's wishes, either informally or by investigation by a senior police officer and reference to the Director

of Public Prosecutions or the Police Complaints Board. Where informality was preferred the supervisory officer would make appropriate arrangements and the outcome would be recorded by the police in a register. At the supervisory officer's discretion and if the complainant wished, a lay person might attend a meeting; he might be drawn from a panel, and would have no previous connection with the complainant or interest in the case. In order to preserve the informality of the procedure no reference would be allowed in any subsequent disciplinary or criminal proceedings to what an officer said or did during the conciliation process, nor would anything said or done by the complainant be admissible.

Formal Investigation

When a complaint could not be resolved informally, or might involve criminal charges or charges of an offence against the Police Discipline Code, the chief officer would, as at present, be required to have the case formally investigated by a senior officer from a different division (in the Metropolitan Police) or from another force. The chief officer would be allowed to decide lesser criminal allegations himself and to bring proceedings (with the consent of the Police Complaints Board in the case of disciplinary proceedings) without going to the Director of Public Prosecutions, though the Police Complaints Board would have powers to direct that the papers be submitted to the Director of Public Prosecutions if in its opinion the allegation was too serious to be disposed of disciplinarily. These arrangements would reduce the flow of more trivial cases to the Director of Public Prosecutions.

The Independent Assessor

When a complaint alleged that police action had been responsible for a death or serious injury, the chief officer would be required to refer it to the independent assessor. He would also be able to refer any other case involving grave allegations or exceptional circumstances. The assessor would be empowered to require at his discretion a chief officer to submit any complaint not already referred to him and to decide whether the investigation should be carried out under his supervision by an officer from a different force or if the case should be referred back to the chief police officer. The assessor's function would be to ensure that an investigation was made expeditiously, thoroughly and impartially. The investigating officer's final report would be submitted to the assessor and copied to the chief officer who would, if necessary, submit it to the Director of Public Prosecutions. No criminal or disciplinary action would be taken until the assessor had signified his satisfaction with the investigation.

The assessor would be the Chairman of the Police Complaints Board or a specially appointed Deputy. Assistant assessors would be appointed as necessary, and might initially be appointed on a broad regional basis.

Home Secretary's Comments

Commenting on the White Paper on 19 October, the Home Secretary, Mr William Whitelaw, said that the Government's proposals represented a major improvement in the arrangements for dealing with complaints against the police and that the introduction of an independent assessor would give additional reassurance to the public. The arrangements for informal resolution would enable the local police management to respond to the complainant effectively and quickly in less serious cases. The proposals would help to reinforce the good relationship between the police and public.

Review of the Youth Service in England

The designation of a minister to co-ordinate the work of all government departments of relevance to youth affairs, and the establishment of a Council to advise ministers on these matters, are among the main proposals of a report on the Youth Service in England published on 27 October.[1] The report says that the Service has the potential to meet the needs of young people, but must be better planned and better managed to achieve this. The Government has invited comments on the report.

The terms of reference of the Review Group, appointed by the Secretary of State for Education and Science in January 1981, were to report on existing provision, both statutory and voluntary; to consider whether available resources could be deployed more effectively; and to assess the need for legislation. The Review Group, says the report, set out to cover not only the Youth Service itself – comprising the system of clubs, recreational facilities, centres and other services provided for young people by local authorities and voluntary organisations – but also the wider context in which it operates. This was considered necessary because in recent years many other agencies, such as local authority social services departments, the police and the probation services, have become increasingly involved in work with young people, creating uncertainty about the extent and future of the Youth Service and its relationship with other bodies.

Existing Provision

The report falls into three parts. The first examines the features of society which affect young people, the needs which young people have, and the ways in which these needs are being met by the various agencies including the Youth Service. The report concludes that there is a great variety of provision for young people and a wealth of new ideas within the various agencies concerned. However, the impact of the provision is confusing because the different agencies tend to develop their policies and practices and employ their resources in almost total isolation from each other. A more concerted

[1] *Experience and Participation.* Report of the Review Group on the Youth Service in England. Cmnd 8686. HMSO, £7·75. ISBN 0 10 186860 X.

strategy is needed at both national and local level. Moreover, progress has been slow in encouraging active participation by young people in running their own activities. Standards of provision are very uneven and the network remains incomplete, so that some young people are not reached by the Service.

Aims of Youth Service

The second part of the report considers in more detail the aims and methods of the Youth Service, concluding with an assessment of the essential features which it should display to be an effective force in the future. To make progress, the report says, the Service needs a restatement of its objectives. There is agreement that its fundamental purpose is to provide programmes of personal development comprising social and political education. (Social education is defined as a process of experience and experimentation through which young people can learn to cope with society.) The process of social education must be participatory, and the Youth Service must therefore create opportunities for young people to organise their own activities and have a say in their own affairs. A further objective should be to further the spiritual development of young people.

Turning to a discussion of what the Service should offer young people in order to achieve these objectives, the report summarises the main elements as the five 'A's: Association (a place to meet friends); Activities; Advice; Action in the community; and Access to life and vocational skills. It recommends that the statutory duties of local education authorities with regard to Youth Service provision should cover the ages from 11 to 20. This part of the report also considers a number of important issues affecting young people, including alienation, unemployment, provision for the ethnic minorities, homelessness, equal opportunities for girls, and the needs of the handicapped.

Organisation and Administration

The third part of the report examines the organisation of the Youth Service, including staffing, administration and resources, and the need for legislation. At national level it says that there has been a failure to define the objectives of the Service, and points to three steps that should be taken as soon as possible. These are: better legislative provision for the Service, definition of the purposes and clarification of responsibilities; clarification of ministerial responsibility; and the setting-up of appropriate administrative structures to achieve better management at national and local level.

The report suggests that a minister in the Department of Education and Science should have responsibility for co-ordinating the relevant sections of his and other government departments and should have specific powers to negotiate on behalf of youth matters at government level. It is also recommended that a national advisory council be set up to advise ministers on youth affairs and provide a focus for policy-making. At local level, the local education authority should be recognised as the prime focus for youth affairs and be given statutory responsibilities for co-ordination of services provided by the local authority and the voluntary sector.

There should also be a joint committee in each area to which specific functions and powers should be delegated by the local authority. Representatives of voluntary organisations, of young people, and of the local authority should work together on it to frame and review policy and to monitor performance. The report attaches importance to the effective involvement of young people in decision-making structures.

With regard to staffing and training, more needs to be done to correct the under-representation of women and the ethnic minorities among Youth Service workers. Volunteers are a special feature of the Youth Service and special efforts have to be made to recruit and support them.

Smoking and Health

A new voluntary agreement has been reached between the Government and the tobacco industry which will place further controls on the advertising of cigarettes. The tobacco industry has also agreed to provide funds for research on health promotion.

The agreement, announced by the Minister for Health, Mr Kenneth Clarke, on 27 October (*Hansard*, Vol 29, No 174, cols 441-2) includes further restrictions on cigarette advertising and provides for better presentation of the Government's health warnings on cigarette packets and advertisements. The tobacco industry has also agreed to provide up to £11 million over the next 3½ years for research on the promotion of good health through a new independent trust. The new measures, which will last until at least 31 March 1986, succeed the agreement reached in November 1980 (see pp 373-4, 1980).

Health Warnings and Restrictions on Advertising

The new agreement provides for:

1 clearer presentation of the government health warning on cigarette posters, press advertisements and packets;

2 an increase in the space devoted to the health warning on cigarette posters and press advertisements from 9 per cent to 15 per cent;

3 the inclusion of the health warning on major items of cigarette brand advertising material supplied by companies for display in or on retail shops;

4 agreement that tobacco companies will neither include cigarette brand advertisements in video cassettes for sale or hire to the public nor use new aerial means for such advertising;

5 agreement that the companies will discuss with the Department of Health and Social Security any plans to use new electronic media, other than

that mentioned above, for cigarette brand advertising;

6 a further progressive reduction in expenditure on cigarette poster advertising to 50 per cent in real terms of the level in the year up to 31 March 1980 by 31 March 1986;

7 a progressive reduction in expenditure on cinema advertising of cigarettes to 60 per cent in real terms of the level in the year to 31 January 1982 by 31 March 1986; and

8 a reduction in the tar ceiling above which cigarette brands are not advertised or promoted.

Under a part of the 1980 agreement which will remain in force until 31 December 1983, the industry agreed to reduce the tar yield of cigarettes to an average of 15 milligrams and to provide funds for research into the modification of cigarettes.

Commenting on the agreement, Mr Clarke said that the two main aims were to ensure that no-one smoked cigarettes without being aware of the health hazards involved, and to restrain the more obtrusive forms of cigarette advertising. The Government was particularly anxious to protect young people. The new provisions, he believed, went a long way towards achieving these aims.

Health Promotion

The research work to be funded by the tobacco industry will be conducted by a new body, the Health Promotion Research Trust, which will be independent of both the Government and the industry. The Trust's objectives will be to commission, fund and, at the Trustees' discretion, publish the results of a programme of research into means of encouraging people, especially the young, to adopt a more responsible attitude to promoting and maintaining their own health, and into environmental, social and other factors which might affect the achievement of a more responsible attitude to good health. (The research will not examine the use or effects of tobacco products.)

A separate agreement to control the sponsorship of sport by the tobacco industry was reached in June this year (see p 258).

Cable Expansion and Broadcasting Policy

The Inquiry into Cable Expansion and Broadcasting Policy published its report on 12 October.[1] Its broad conclusion is that cable television should be allowed to develop so as to provide the maximum variety and choice for the viewer with the minimum of constraints necessary to safeguard public service broadcasting and the wider public interest.

[1]*Report of the Inquiry into Cable Expansion and Broadcasting Policy*. Cmnd 8679. HMSO, £4·40. ISBN 0 10 186790 5. The inquiry, chaired by Lord Hunt of Tanworth, was set up in March. For its terms of reference, see pp 141-2. The Government is now studying the report.

In considering the possible effects of cable expansion on public service broadcasting,[1] the inquiry states that it would be a serious loss if a large increase in television channels led to an erosion of the present quality and diversity of broadcast programmes, either through a general lowering of standards or if quality programmes tended to become available only to people who could pay extra for them and who lived in those parts of the country which had been cabled. The inquiry considers, therefore, that some limited safeguards against damage to public service broadcasting will be necessary in the interests of the large sections of the community who, through choice or necessity, will remain dependent on it.

The report says that multi-channel cable television should be seen as supplementary, and not as an alternative or rival, to public service broadcasting. Apart from carrying these basic services, cable television should be different and should greatly widen the viewer's choice by providing many additional channels for those people ready to pay more than their basic television licence fee. In addition, cable television should be innovative, experimental and sensitive to local feeling. It could not be run as though it were another branch of public service broadcasting, providing a balanced service for the country as a whole. The multiplicity of cable systems all offering many channels would in any case make this sort of control impossible without a large bureaucracy which would stultify the initiative and diversity both inherent and desirable in a cable system. The whole approach would need to be different, with the maximum incentive and encouragement for responsible initiative.

Cable television, the report argues, should operate within certain, albeit liberal, ground rules and that there should be some continuing oversight. The concept should be one of cable operators required to observe a few general guidelines and provide the service offered when given their franchises rather than one of a central body regulating in detail how they go about their business.

Four functions concerning cable are identified by the report, namely, the cable provider (the installer and owner of the physical infrastructure); the cable operator (the manager of a local cable system, who assembles cable services for sale to subscribers from whom he collects revenue); the programme provider (the assembler of programmes into channels or segments of channels for sale to cable operators) and the programme maker.

The following is a summary of the cable television system proposed by the report.

Franchise System

Under the proposed franchise system, franchises for cable operators would be open to competition and would be awarded by a new cable authority responsible for monitoring performance. The term

[1]Television and radio services in Britain are provided by two public bodies – the British Broadcasting Corporation (BBC) and the Independent Broadcasting Authority (IBA). The latter is responsible for the Independent Television and Independent Local Radio programme companies.

of the franchise would be ten years in the first instance, and then eight. Once a franchise was awarded, the cable authority would remain in the background, ensuring that certain ground rules were observed but without exercising constant supervision of the services provided by operators. The approval of the franchising body would, however, be required for any subsequent change in ownership of a company operating a cable system or significant modifications in programme channels. The ultimate penalty for any operator grossly in breach of his obligations would be a loss of franchise. The franchising system would not apply to the cable provider or the programme provider.

The cable authority's governing body would have a membership based on wide-ranging interests rather than ones relating solely to cable and other media, and the interests of the different parts of Britain would also be represented.

Under this system a cable operator would be allowed to lay his own cable, but in the event of his losing his franchise, he would be required to sell or lease his system to another operator. The operator would also be free to provide his own programmes, but the franchising system, the report hopes, would encourage a diversity of programme sources with the presumption that some channels would be available for leased use by people unconnected with the cable operator and that all systems would provide children's programmes, education and a community service.

Ownership of Cable Operators

Central and local government, political parties and organisations, and religious groups would be excluded from any direct participation in the ownership of cable operating companies. Those permitted to participate in such ownership, however, would include the press, Independent Television and Local Radio contractors and foreign companies, but individual companies of this kind would not be allowed to hold a controlling interest. Some local participation in the ownership of cable operating companies would be desirable, but not essential. Any one company would be able to hold more than one franchise, since there would be little likelihood of a national monopoly arising. There would be no restrictions on the ownership of companies of programme makers, cable providers or programme providers, except that political parties and religious groups would not be permitted to have their own channels.

Cable Programme Services

No limit would be set on the number of new programme channels which cable systems would be able to offer, and cable operators would be free to provide programmes which they thought would best appeal to their customers. In the interests of safeguarding public service broadcasting, however, the new multi-channel cable systems would be required to carry all existing and future free BBC and Independent Television and Radio services serving the area concerned, and they would not be allowed to obtain exclusive rights to national sporting events.

Cable programme services would be subject to the same obligations not to offend good taste or decency as public service broadcasting, except on certain channels available only by special subscription and capable of being electronically locked to enable the subscriber to control viewing. On these channels any 'X'-rated film (that is, one considered unsuitable for people under 18 years of age) could be shown at any time of day.

Cable systems would not, however, be subject to the public service broadcasting requirements regarding range and balance of programmes, although the diversity of services to be carried would be taken into account in the franchising process. On the question of matters of controversy, the report says that news, whether national or local, should always be presented with accuracy and impartiality, and there should be impartiality of access to local cable channels. Comment could be allowed greater latitude, although a cable system as a whole would not be permitted to maintain a political bias. There would be freedom to relay foreign broadcasting services with the agreement of the copyright owners. Initially there would be no minimum quota of British material, but the use of British material would be encouraged.

Sources of Income

Cable systems would finance themselves in three ways: by charging customers a basic rental, by offering additional channels through special subscription, and by selling advertising time.

The report considers it unlikely that significant cable expansion could take place without revenue from advertising. Because of its ability to provide new opportunities to both local and national advertisers seeking specialised or local audiences, cable television should encourage new spending on advertising and should benefit the customer. It would be unnecessary in the early years of cable's development to limit the amount of advertising permitted. Although this would be unlikely to damage Independent Television or Local Radio to any significant extent in the short or medium term, there would be a need for flexibility through the franchising process to impose restrictions at a later date should these prove necessary.

Advertising on cable television would conform to the same standards and code of practice as apply on independent television, but there would be greater scope for the sponsorship of programmes provided that certain rules, including the separation of advertisements from editorial matter, were observed.

As a further safeguard for public service broadcasting, the 'pay-per-view' method of financing cable services, whereby the cable system charges specific fees for particular programmes, would not be permitted in the early stages of cable's development. (The special danger of 'pay-per-view', according to the report, is that if enough people are prepared to pay a sizeable fee to watch a particularly popular event the revenue thus generated would be sufficient to guarantee that no ordinary broadcasting service, with an obligation to spend its funds on continuous programming, could hope to compete for the television rights.)

Shorter Notes

MENTAL HEALTH

The rights of mentally disordered patients who are compulsorily detained in hospital will be extended by legislation which received Royal Assent on 28 October and will take effect from 30 September 1983. The Mental Health (Amendment) Act 1982, which amends the Mental Health Act 1959, provides better safeguards for detained patients and clarifies the legal position of staff caring for them.

A special health authority, the Mental Health Act Commission, is to be set up to provide special safeguards for detained patients. It will give second opinions in certain matters affecting the treatment of patients, visit detained patients, investigate complaints, review the use of legal powers and advise staff on good practice. The period after which detention for treatment has to be reviewed is to be halved. This means that detained patients will have twice as many opportunities to have their case reviewed by the independent Mental Health Review Tribunal. Patients detained for observation under the 28-day power will also be able to apply to the Tribunal; long-term patients who do not apply will have an automatic review.

New rules for treating patients without their consent are to be introduced. Some treatments will not be permitted without the patient's consent and an independent second opinion; some may be given without consent but only if the second opinion agrees; and others can be given for up to three months without consent or a second opinion.

Social workers will be involved even where the nearest relative has applied for a patient's admission. Over the next two years they are to be specially trained for their work under the Act and will be called Approved Social Workers.

More opportunities will arise through remands to hospital and interim hospital orders for hospitals and courts to establish whether a mentally disordered person appearing before the courts ought to be sent to hospital under the Act. These will be phased in gradually over the country in the next two to three years.

There will be a legal obligation on hospital managers to try to make sure that detained patients understand their legal status and their rights. The Government has also said that legal assistance by way of representation will be made available for applicants to Mental Health Review Tribunals.

Patients who have been admitted to hospital voluntarily will be able to put their names on the electoral register.

Source: Department of Health and Social Security press notice, 28.10.82.

NEW HOME IMPROVEMENT INITIATIVE

The Government has announced the extension from 1 April 1983 of an experimental home improvement scheme to housing action areas[1] throughout England. The scheme, called 'enveloping', involves the improvement at public expense of the exterior of whole streets of homes in one single operation to prevent decline becoming irreversible and clearance inevitable. Following the institution of 28 pilot schemes in four cities, the Government has decided that the system has proved itself and should be brought into the main housing programme to make it possible for all local authorities to consider enveloping schemes in their own areas.

Announcing the Government's decision on 21 October, the Minister for Housing and Construction, Mr John Stanley, said that confidence was a much under-rated factor in securing the improvement of individual houses and areas. Institutions were cautious about lending money, and homeowners about investing, if they felt that a whole area was deteriorating and that any expenditure was therefore unlikely to be reflected in a rise in house values. Although it might seem an excessively generous use of public money, the Government had concluded that 'in the right circumstances enveloping can be an extremely cost-effective use of public funds for home improvement. The simultaneous improvement of the exterior of an entire street will trigger off a substantial amount of internal improvements at private expense. Enveloping offers substantial economies of scale. It will always be far cheaper to re-roof or re-paint 100 houses than to do them one at a time.' Using enveloping as a national policy was, Mr Stanley said, 'a bold advance in improvement policy. It provides local authorities with much the swiftest instrument they have ever had at their disposal to tackle the serious problem of the disrepair of older housing stock.'

Source: Department of the Environment press notice, 21.10.82.

[1]Housing action areas, of which there are about 500, contain relatively poor housing and bad physical conditions combined with social stress. Local authorities have special powers to bring about an improvement in living conditions within a five-year period.

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